

# ACTIVA CAPITAL

## Sustainable Finance Disclosure Regulation (SFDR)

Disclosure in accordance with  
Articles 3, 4, 5, 8, 10

**Activa Capital** is an independent private equity company with a strong entrepreneurial spirit. Our mission is to **partner** with ambitious mid-sized French companies to **transform their business and grow at scale**.

Pioneer in considering long-term sustainability at the core of what we do, Activa Capital **co-founded** in 2009 the Sustainable Development Club of France Invest with five management companies.

Since then, **we strive to continuously strengthen and promote ESG commitments** to develop a dynamic and sustainable economy. Our approach is to **involve each stakeholder to drive change**.

Activa Capital is authorized and regulated by the French Financial Services Authority (AMF).

# SUSTAINABILITY-RELATED DISCLOSURES

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## Article 3 – Transparency of sustainability risk policies

Pursuant to Article 3 of the SFDR, Activa is required to disclose the manner in which sustainability risks are integrated into the investment decision-making process.

Activa is committed to ensuring that ESG concerns and opportunities are identified prior to investments and then addressed appropriately in the day-to-day operations. Activa also encourages its portfolio companies to assess and manage the ESG impacts of their business operations.

### **Pre Due Diligence phase**

As part of its in-depth consideration of ESG in its investment process, Activa applies in the pre-investment stage a strict exclusion policy, consistent with its DNA, its commitments and its ethics. The investment team is ultimately responsible for implementing this policy.

Activa will not invest in companies which would not respect its by-laws, international standards such as the UN Global Compact principles, the OECD guidelines or the conventions & recommendations of the International Labor Organization (ILO). The list includes illegal activities and normative / legal exclusions, fossil fuels (extraction, production, distribution), speculation in raw materials, coal-related activities, weapons / bombs / ammunitions, pornography, betting / gambling, genetically modified organism, human cloning, prostitution.

Furthermore, we do not wish to invest in sectors or activities which may have or cause unacceptable high greenhouse gas footprint (typically coal-related businesses) and/or which may generate additional risks to consider (reputation, ethic, RGPD, cybersecurity, legal, etc).

### **Due Diligence phase**

As early signatory of the PRI, Activa, prior to each investment decision, conducts via its investment team and with the help of third-party advisors when needed a thorough due diligence process encompassing financial, strategic, ESG, tax, labor, legal, data protection & IT, human resources, management, IP, insurance and other aspects of the business.

The ESG due diligence notably focuses on specific issues relating directly to the target's business model, end-market and value chain. The level of analysis performed depends on the level of materiality of key issues identified. Main topics are:

- Environmental matters
- People-related matters (H&S, diversity, inclusion, employment practices, well-being)
- Value chain (illegal activities, responsible supply, product & services lifecycle, raw material sourcing...)
- Governance (business ethics, corporate culture, leadership)
- Data (cybersecurity, French RGPD, etc)
- Law & regulation (anti-bribery, anti-corruption, sanctions, IP rights...)

For further information, please refer to the full version of our Responsible Investment Policy.

*Such information is disclosed in Activa's responsible investment policy downloadable on its website.*

#### Article 4 – Transparency of adverse sustainability impacts at entity level

Pursuant to Article 4 of the SFDR, Activa is required to disclose on its website whether it considers the principal adverse impacts (“PAIs”) of investment decisions on sustainability factors.

Under SFDR, ‘sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

After having carefully evaluated the requirements in Article 4 SFDR and the PAI regime published in October 2021, Activa has opted not to consider the adverse impacts of its investment decisions on sustainability factors with the meaning of the SFDR, however being highly supportive of this policy.

This decision is linked to Activa Capital’s fund size (AUM < €500m), nature and scale of the target companies (French SMEs, < €100m enterprise value, family-owned businesses), as well as the uncertainty around the content, methodology to gather data and information required in the PAI statement which is yet to be clarified.

Even though being out of scope, Activa considers the PAIs of its investment decisions on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters by means of its sustainable investment policy into the investment process and notably during due diligence. Moreover, these issues are monitored on a yearly basis through a yearly data collection on sustainability KPIs, which involves all portfolio companies, when available. Managing principal adverse impacts would require the development of specific frameworks and tools for which Activa Capital would be happy to collaborate with its peers and France Invest in due time.

Activa will continue using its own procedures, policies and metrics tailored to its assets under management and investment policy in order to assess the adverse impact of its investment decisions on sustainability factors when feasible or appropriate; it will review annually the evolution of SFDR regulations in relation to PAI and will re-assess whether the requirements are appropriate and achievable for Activa.

#### Article 5 – Transparency of remuneration policies in relation to the integration of sustainability risks

Activa considers sustainability risks in its remuneration policies to ensure sound and effective risk management and not to encourage risk-taking inconsistent with Activa’s risk profile. The remuneration policy (AIFM 2011/61/UE – 8 June 2011) of Activa’s staff is reviewed and checked by the remuneration committee and is based on an annual appraisal process considering a variety of factors notably qualitative, nonfinancial performance and ESG criteria. This means that a team member’s compensation will be negatively impacted by unethical behaviour or opposite behaviour to Activa’s sustainable investment policy and internal charters.

Furthermore, a significant portion of the investment team is differed and linked to long-term fund performance - Activa believes it is highly appropriate as it aligns the interest of the team with its investors, and means that a team member’s compensation will be negatively impacted by a sustainability risk that impacts the value of the fund.

#### Article 8 – Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures

Please refer to SFDR disclosure schedule and [www.activacapital.com](http://www.activacapital.com)

**Article 10 – Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites**

Activa Capital Fund III (“ACF III”) is to be reclassified as Article 8 under the EU Sustainable Finance Disclosure Regulation which applies "where a financial product promotes, among other characteristics, environmental or social characteristics or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices". ACF III was previously categorised as Article 6 which covers funds that are not promoted as having ESG factors or objectives but that integrates sustainability risks into their investment decisions.

Activa Capital Fund IV (“ACF IV”) is classified as Article 8 under the EU SFDR. All future funds will be classified Article 8 or 9 under the EU SFDR.

SFDR disclosure schedule

The purpose of this SFDR Schedule is to provide certain disclosures for the purposes of the SFDR in relation to Activa Capital Fund IV being classified as an article 8 Fund.

<b>Financial Product Name</b>	Activa Capital Fund IV
<b>A  Sustainable Investment Objective of the financial product</b>	
Does this financial product have a sustainable investment objective ?	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES  The Fund:  Promotes environmental or social characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments.  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with a social objective  <input checked="" type="checkbox"/> promotes E/S characteristics, but will not make any sustainable investments
<b>B  Environmental or social characteristics of the financial product</b>	
1. What environmental and/or social characteristics are	Activa is pioneer in considering sustainability and ESG issues into its investment strategy. Activa deeply believes it can be instrumental in driving positive change within its portfolio companies, focusing on environmental, social and governance issues.

<p>promoted by this financial product ?</p>	<p>We promote environmental initiatives:</p> <ul style="list-style-type: none"> <li>- Resource management and reduction of energy / raw materials consumption</li> <li>- Circular economy</li> <li>- Sustainable sourcing</li> </ul> <p>We promote social initiatives:</p> <ul style="list-style-type: none"> <li>- Quality of life at work</li> <li>- Staff training on ESG issues</li> <li>- Best practice sharing</li> <li>- Diversity &amp; gender equality</li> <li>- Reduced turnover</li> </ul> <p>We promote governance initiatives:</p> <ul style="list-style-type: none"> <li>- Constant and open dialogue with all stakeholders</li> <li>- Value sharing incentive plan with employees</li> <li>- Use of voting rights to ensure fair treatment for all minority shareholders</li> <li>- Transparent information and reporting</li> <li>- Resolution of potential conflict using mediation</li> </ul>
<p>2. What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by the Fund?</p>	<ul style="list-style-type: none"> <li>- Number of net positions created</li> <li>- Absenteeism</li> <li>- Training hours</li> <li>- Work accident</li> <li>- Presence of women in top management and boards</li> <li>- Carbon footprint (scope 1, 2 &amp; 3)</li> <li>- Energy consumption</li> <li>- Water consumption</li> </ul>

**C| Investment strategy in relation with the financial product**

<p>1. What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?</p>	<p>An ESG risk-mapping is drafted, paving the way for a sustainable value creation plan to be set up and monitored during the ownership phase. This mapping typically covers Governance, Ethics, Human capital &amp; rights, Environment, Value chain, Cybersecurity, data protection, health &amp; safety, etc.</p> <p>The output is a clear roadmap with selected KPIs, improved by the management team and supervised by an efficient governance during quarterly meetings.</p> <p>This ESG due diligence is included within the investment memorandum presented to and discussed with the Investment Committee prior every investment approval.</p> <p>This memorandum aims to give the committee with a 360° view that can influence the final investment decision by summarizing:</p> <ul style="list-style-type: none"> <li>- A comprehensive list of all material ESG risks &amp; opportunities, based on interviews, the deal team in-house work, and a specialized third-party if needed on specific topics (ie cybersecurity for instance);</li> </ul>
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	<ul style="list-style-type: none"> <li>- A first draft of the ESG value creation plan which will be formalized post closing with the management team and a third-party advisor.</li> </ul>
<p>2. How is that strategy implemented in the investment process on continuous basis ?</p>	<p>Activa is committed to ensuring that ESG concerns and opportunities are identified prior to investments and then addressed appropriately in the day-to-day operations.</p> <p>Activa also encourages its portfolio companies to assess and manage the ESG impacts of their business operations.</p> <p><b>Pre Due Diligence phase</b> As part of its in-depth consideration of ESG in its investment process, Activa applies in the pre-investment stage a strict exclusion policy, consistent with its DNA, its commitments and its ethics. The investment team is ultimately responsible for implementing this policy.</p> <p><b>Due Diligence phase</b> The ESG due diligence notably focuses on specific issues relating directly to the target's business model, end-market and value chain. The level of analysis performed depends on the level of materiality of key issues. Main topics are:</p> <ul style="list-style-type: none"> <li>- <u>Environmental</u> matters;</li> <li>- <u>People-related</u> matters (H&amp;S, diversity, inclusion, employment practices, well-being)</li> <li>- <u>Value chain</u> (illegal activities, responsible supply, product &amp; services lifecycle, raw material sourcing...)</li> <li>- <u>Governance</u> (business ethics, corporate culture, leadership)</li> <li>- <u>Data</u> (cybersecurity, French RGPD, etc)</li> <li>- <u>Law &amp; regulation</u> (anti-bribery, anti-corruption, sanctions, IP rights...)</li> </ul>
<p>3. What is the policy to assess good governance practices of the investee companies ?</p>	<p>The policy used to assess good governance practice includes i) management interview prior to investments, ii) due diligence on governing bodies, management organization and corporate culture and iii) definition of a new shareholder agreement at investment which includes professional, independent governing bodies acting in the sole interest of the company and its stakeholders, and ESG representations &amp; warranties.</p> <p>During ownership phase, the governance is assessed by the investment teams during monthly meetings, quarterly boards and general assembly meetings.</p> <p><b>Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product ?</b></p> <p><input type="checkbox"/> YES</p> <p><input checked="" type="checkbox"/> NO</p>
<p>4. Where can be find further details on the investment strategy ?</p>	<p>The following documents can be downloaded on Activa Capital's website:</p> <ul style="list-style-type: none"> <li>- Responsible investment policy</li> </ul>

	<ul style="list-style-type: none"> <li>- Gender Equality Charter</li> <li>- Shareholder engagement policy</li> <li>- SFDR disclosures</li> <li>- ESG annual report</li> <li>- Article 29 of law Climate</li> </ul>
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<b>D  Proportion of investments</b>
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1. What is the planned asset allocation for this financial product ?	ACF IV aims to invest 100% of its assets according to its investment strategy, aligned with the promotion of the environment, social and governance characteristics described in this schedule.
2. What investments are included in “other”, what is their purpose and are there any minimum environmental or social safeguards ?	It is not planned to invest in other companies which are not aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

<b>E  Principal Adverse Impacts</b>
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Does this financial product take into account principal adverse impacts on sustainability factors ?	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO <p>The Management Company has opted not to consider the adverse impacts of its investment decisions on sustainability factors.</p> <p>Under SFDR, ‘sustainability factors’ mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.</p> <p>After having carefully evaluated the requirements in Article 4 SFDR and the PAI regime published in October 2021, Activa has opted not to consider the adverse impacts of its investment decisions on sustainability factors with the meaning of the SFDR, however being highly supportive of this policy.</p> <p>This decision is linked to Activa Capital’s fund size (AUM &lt; €500m), nature and scale of the target companies (French SMEs, &lt; €100m enterprise value, family-owned businesses), as well as the uncertainty around the content, methodology to gather data and information required in the PAI statement which is yet to be clarified.</p> <p>Even though being out of scope, Activa considers the PAIs of its investment decisions on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters by means of its sustainable investment policy into the investment process and notably during due diligence. Moreover, these issues are monitored on a yearly basis through a yearly data collection on sustainability KPIs, which involves all portfolio</p>
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	<p>companies, when available. Managing principal adverse impacts would require the development of specific frameworks and tools for which Aactiva Capital would be happy to collaborate with its peers and France Invest in due time.</p> <p>Aactiva will continue using its own procedures, policies and metrics tailored to its assets under management and investment policy in order to assess the adverse impact of its investment decisions on sustainability factors when feasible or appropriate; it will review annually the evolution of SFDR regulations in relation to PAI and will re-assess whether the requirements are appropriate and achievable for Aactiva.</p>
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More information on: [www.activacapital.com](http://www.activacapital.com)