



# Report on Article 173 of the Law on the Energy Transition for Green Growth

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# Presentation of Activa Capital's general approach

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# 1. General approach to taking ESG criteria into account in investment and risk management policy

## □ Our charter

Activa Capital is based on its sustainable development charter, which it regularly updates. This charter details the ESG axes that we wish to pursue, in particular :

- optimize the environmental impact,
- promote responsible human resources management,
- ensure exemplary governance and develop responsible and societal commitment.

Our charter is publicly accessible on our website:

[https://www.activacapital.com/images/stories/PDF/2020/Charte\\_esg\\_va.pdf](https://www.activacapital.com/images/stories/PDF/2020/Charte_esg_va.pdf)

Additional information related to our ESG policy is also available on our website.

## □ Risk management

The Chief Financial Officer of Activa Capital is responsible for risk management. The risk mapping covers all operational risks, fund policy and compliance with regulatory ratios.

Once a year, during the Supervisory Board meeting called to review the annual financial statements of the management company, the risk manager presents an overview of the risk mapping and risk management systems, with the necessary adjustments.

Finally, an ESG associate is dedicated full-time to monitoring ESG investment policy criteria and the risks associated with these criteria.

# 1. General approach to taking ESG criteria into account in investment and risk management policy

Activa Capital has adopted a set of processes to integrate the consideration of ESG issues throughout the investment cycle, the main measures of which are as follows :

## □ Before investment

### ○ Excluded sectors

The Fund will not invest, guarantee or otherwise provide financial or other support, directly or indirectly, to Portfolio Companies or other entities:

- whose business activity consists of an illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulations applicable to the Fund, the relevant Portfolio Company or entity, including without limitation, human cloning for reproduction purposes);
- whose business activity consists of real estate assets or infrastructure assets;
- whose business activity consists of manufacturing or trading anti-personnel weapons, cluster bombs, chemical or biological weapons;
- which derive all or part of their revenues from the production, trade and/or distribution of controversial weapons (including cluster bombs and munitions);
- which generate their revenue from:
  - 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;
  - the production or trade of electricity via a coal powered plant;
  - coal mining;
  - the production or sale of, or trade in tobacco and related products; and
  - the activity of prostitution or procuring of prostitutes

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- which substantially focus on:
  - the production of and trade in distilled alcoholic beverages and related products;
  - the financing of the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;
  - casinos and equivalent enterprises; and
  - the research, development or technical applications relating to electronic data programs or solutions, which aim specifically at : supporting any activity referred to above; internet gambling and online casinos; or pornography, or which are intended to enable to illegally : entry into electronic data networks; or downloading of electronic data.

In addition, when providing support to the financing of the research, development or technical applications relating to human cloning for research or therapeutic purposes or genetically modified organisms (“GMOs”), the Fund and/or the Management Company shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

- **Internal analysis**

Each company is subject to an ESG analysis carried out by the ESG associate. This analysis is included in the final investment grade.

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## □ During the investment

- **Conduct an ESG audit**

A post-investment ESG audit is systematically carried out. This audit provides an in-depth analysis of the main ESG issues and aims to set up an action plan with the key managers of the companies in charge of the identified issues.

- **Monitoring of ESG projects**

The ESG associate meets regularly with key people for this project and ensures that they progress according to the plan. In addition, each year, ESG reporting is sent to the participations to monitor the evolution of several indicators and to assess the measures implemented.

- **Comité de surveillance**

ESG topics are systematically addressed by the Supervisory Committee. By allowing a better sharing of project progress, the consideration of ESG issues in the company's management is reinforced.

## □ The exit

Depending on the profile of the divested company, a Vendor Due Diligence can be carried out in order to assess the progress of ESG issues and highlight them for the purchaser. Failing this, Activa Capital will make available to the purchaser any ESG information deemed useful.

## 2. Means of informing subscribers, affiliates, contributors, recipients or clients about the existence of these criteria

### ❑ UCIs concerned by the consideration of ESG criteria

As at 10 March 2021, Activa Capital's ESG policy applies to portfolio companies of Activa Capital Fund III, Activa III IB Fund and Activa Capital Fund IV. As the investment period for Activa Capital Fund III and Activa III IB Fund has ended, the restrictions on new investments apply only to Activa Capital Fund IV

In addition, the companies in the Activa Capital Fund II fund are the subject of an annual ESG reporting campaign. Reasonable efforts are made to encourage companies in this fund to progress on non-financial criteria where appropriate.

As a reminder, Activa Capital Fund FCPR no longer holds any portfolio companies.

Thus, more than 90% of the assets under management of Activa Capital are subject to the ESG criteria of the management company.

### ❑ Means of information

The management reports of the Activa Capital Fund II, Activa Capital Fund III, Activa III IB Fund and Activa Capital Fund IV include a section dedicated to the ESG. A dedicated report on ESG matters will be issued for Activa Capital Fund IV as at 30 June 2021 for the first time. As a reminder, the Activa Capital Fund FCPR is being dissolved.

In addition, Activa Capital produces an annual global ESG report, available on our website.

### 3. Adherence to a charter, code, initiative or obtaining a label related to the consideration of ESG criteria

Activa Capital is convinced that non-financial performance, as well as financial performance, confers greater sustainability to its investments and creates value. Activa Capital is committed to developing it by respecting the commitments it has made by becoming a signatory to principles, manifests, initiatives or charters.

#### PRI

The signing of the PRI in January 2010 marks the continuation of our commitment to measure and encourage responsible actions by the companies in which we invest. Accordingly, we make the following commitments as soon as they are in line with our fiduciary responsibilities :

- We integrate ESG issues into our decision-making and investment analysis processes.
- We are active shareholders and integrate ESG issues into our shareholding policies and procedures.
- We ask, as much as possible, that the entities in which we invest be transparent about ESG issues.
- We encourage the adoption and implementation of the Principles in the investment sector.
- We are working together to improve the effectiveness of our implementation of the Principles.
- We each report on our activities and progress in implementing the 6 Principles.

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#### ❑ IC20

In 2016, Activa Capital made a commitment to the iC20 (Climate 2020 Initiative) to contribute to the COP21 objective of limiting global warming to two degrees. As a signatory to the iC20, Activa Capital undertakes to :

- Recognize that climate change will have economic impacts that represent risks and opportunities for companies.
- Take into account climate issues over the entire investment period.
- Carry out a progressive measurement of the portfolio's carbon footprint for companies for which this issue is material.
- Define, with the management of these companies, an action plan to reduce emissions and adapt to climate change.

#### ❑ The Shift Project

In 2017, Activa Capital joined the Shift Project, a think tank working towards a carbon-free economy. “An association recognised as a non-profit organisation and guided by the need for scientific rigour, its mission is to enlighten and influence the debate on the energy transition in France and Europe”.

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#### □ Global Compact

In 2019, Activa Capital became a signatory to the Global Compact dependent on the United Nations. The Global Compact provides a simple, universal and voluntary framework for engagement, based on 10 principles relating to respect for human rights, international labour standards, the environment and the fight against corruption :

- **Principle 1** : Businesses are encouraged to promote and respect the protection of international human rights law.
- **Principle 2** : Companies are urged to ensure that they are not complicit in human rights violations.
- **Principle 3** : Businesses are encouraged to respect freedom of association and to recognize the right to collective bargaining.
- **Principle 4** : Businesses are encouraged to contribute to the elimination of all forms of forced or compulsory labour.
- **Principle 5** : Businesses are encouraged to contribute to the effective abolition of child labour.
- **Principle 6** : Businesses are invited to contribute to the elimination of all discrimination in employment and occupation.
- **Principle 7** : Businesses are encouraged to apply the precautionary approach to environmental issues.
- **Principle 8** : Businesses are encouraged to take initiatives to promote greater environmental responsibility.
- **Principle 9** : Businesses are encouraged to promote the development and diffusion of environmentally friendly technologies.
- **Principle 10** : Businesses are encouraged to take action against corruption in all its forms, including extortion and bribery.

## Background information

Paragraph VI of Article 173 of Law No. 2015-992 of 17 August 2015 on the energy transition for green growth supplements Article L. 533-22-1 of the Monetary and Financial Code with two paragraphs.

Decree No. 2015-1850 of 29 December 2015 specifies the information to be published on how investment policy should take into account criteria relating to compliance with social, environmental and governance quality objectives and on the means implemented to contribute to the energy and ecological transition.

