

# 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 1, 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.

The information provided in this report applies to 100% of the investments made by Shift4Good Fund 1, a VC equity fund currently being Shift4Good's only investment vehicle with €112M AUMs (of which €3.5M invested) as of the publication date.

All data related to fund holdings is primary data provided directly by companies and is not estimated unless explicitly indicated otherwise.

## General ESG approach and investment strategy



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.

### Investment strategy and Impact Investing methodology

Shift4Good is an Article 9 (SFDR) Impact fund, dedicated to Impact 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.

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.

#### (1) Impact screening

The methodology consists of a 3-step screening process assessed using proprietary questionnaires or international standards:

- 1) **Impact ambition:**  
Implementation within the company's activity: assessing leadership, implementation, and results of the strategy.
- 2) **Sustainability assessment:**  
alignment with SFDR requirements - (1) Substantial contribution, (2) DNSH, and (3) Governance.
- 3) **ESG compliance:**  
Evaluating the startup's compliance with the best ESG standards and, if needed, defining an action plan to support improvements.

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.

## **(2) 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 relevant Impact KPI(s). 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.

## **(3) 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.

### International standards best practices

Shift4Good is an Impact fund in line with Article 9 of the Sustainable Finance Disclosure Regulation (SFDR).

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.

## Means and resources

### 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).

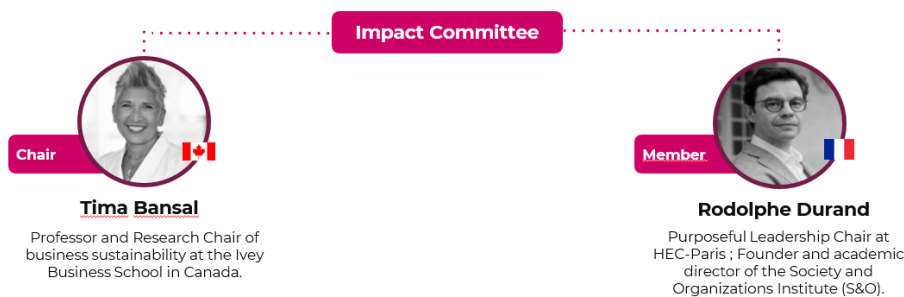
## ESG Governance

### 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.



### Remuneration policy

Please refer to the Remuneration Policy.

## Active ownership

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%