SHIFT4GOOD

RISKS INTEGRATION POLICY

About Shift4Good

Shift4Good SAS, an independent French management company, was established by four seasoned investment professionals who possess extensive expertise in impact investing across Europe, as well as in countries such as Israel, Asia, and the United States. Motivated by a shared commitment to sustainability, the founders have united their skills and extensive networks to launch Shift4Good Fund 1 ("the Fund"), a venture capital fund dedicated to making a positive impact in the transportation sector by reducing its carbon footprint and mitigating other detrimental environmental factors.

The founders are deeply aware and concerned that the current way of living, producing, and consuming cannot be sustained by the world population in the long run. Social and environmental challenges facing humanity have reached a critical stage, and the team firmly believes that decisive action is necessary. By channeling substantial private capital toward the most promising entrepreneurs, the Fund aims to contribute significantly to achieving the United Nations Global Goals by 2030 and safeguarding our planet's future. Only companies with a clear mission centered around generating positive environmental impact will be considered for investment by the Fund.

Foreword

The objective of this policy is to provide information on Shift4Good's approach regarding the integration of Sustainability Risks (or Environmental, Social and Governance risks) in the investment decision-making process. It covers Shift4Good's investment activities across the deal cycle, from the date of its publication onwards.

This policy is subject to change and may be amended, supplemented, or superseded by one or more separate policies.

Definitions under EU Regulation

SUSTAINABLE INVESTMENT is an investment in an economic activity that contributes to an environmental objective, provided that it does not significantly harm any other objectives and that the investee companies follows good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

ENVIRONMENTAL OBJECTIVES refers to 6 environmental objectives defined by the EU Taxonomy: (1) Climate change mitigation, (2) Climate change adaptation, (3), Sustainable use and protection of water and marine resources, (4) Transition to a circular economy, (5) Pollution prevention and control, (6) Protection and restoration of biodiversity and ecosystems.

SUSTAINABILITY RISK refers to an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

ESG Environmental, Social and Governance

IMPACT refers to environmental of social change driven by businesses.

SFDR Sustainable Finance Disclosure Regulation imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants with substantive provisions of the regulation effective from 10 March 2021.

PAI Principal Adverse Impact is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters.

Sustainability risks

As an Article 9 Impact Fund, Shift4Good aims to deliver attractive returns for our investors while promoting environmentally responsible investment.
Sustainability risks are fully integrated into all investment decisions through the incorporation of ESG criteria throughout the investment process:

- Impact screening, which includes ESG assessment before investment.
- Impact and ESG monitoring during the holding period.
- At exit, validation of impact objectives achievement and ESG audit.

Shift4Good is supported in its impact journey by an external Impact Committee, which serves as the guardian of the fund's Impact strategy and oversees the impact due diligence performed on investment opportunities.

The Shift4Good Impact methodology is based on 6 Strategic Impact Objectives (SIOs), a set of goals designed to ensure the strategic alignment of holdings with the fund's ambition. These SIOs are grounded in international frameworks, including UN SDGs, UN Global Compact Principles, Future-Fit Business, OECD MNE Guidelines, GRI Standards, and IR IIRC.

Sustainability Risks Integration

Sustainability Risks are taken into account at the screening (pre-investment), during the ownership and at the exit.

Pre-investment

Exclusion policy

Shift4Good applies a strict restriction policy to specific sectors that pose a high sustainability risk. The fund will not invest in any company that, at the time of the initial investment, derives all or part of its revenues from:

i. the production, trade and/or distribution of controversial weapons (including cluster bombs and munitions).
ii. 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;
iii. the production, trade and/or distribution of tobacco and distilled alcoholic beverages and related products;
iv. the production of pornography and related activities;
v. the activity of prostitution or procuring of prostitutes;

vi. 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;
vii. casinos, gambling and equivalent enterprises; vii. biotechnologies (except lab food projects or related businesses);
viii. activities in breach of environmental regulations as provided in international treaties;
ix. products and commodities subject to French, US or European embargo;
x. projects which have the effect of limiting people's individual rights and freedoms or violating their human rights as defined in international treaties;
xi. any business with a political or religious content;
xii. 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 colour, 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;
xiii. 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;
xiv. human cloning;
xv. genetically modified organisms ("GMOs"); xvi. the exploration, exploitation, development, extractions and/or acquisition of resources;
xvi. arctic drilling in relation to the extraction of fossil fuels, which increases the risk of pollution and accidents and negatively affect the biodiversity;
xvii. 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;
xviii. 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 labour rights as specified by the UN/International Labour Organisation (ILO) core conventions as set out at www.ilo.org (e.g. murder, torture, deprivation of liberty, forced labour, child labour or other form of child exploitation); xxi. which is associated with material and/or systematic corruption.

Impact Screening

To uphold this commitment, Shift4Good has collaborated with a sustainable business and investment expert to develop an impact screening methodology. This methodology encompasses the evaluation of investment opportunities and associated sustainability risks, integrating ESG criteria and considering sustainability risks as integral components of a comprehensive assessment process. This approach enables the evaluation of the impact intentionality and maturity of investment opportunities.

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.

Impact KPIs

To maximize the positive impact of portfolio companies, the company, supported by the investment team and the Impact Committee, establishes two relevant Impact Key Performance Indicators (KPIs).

These KPIs reflect the positive impact of the company's activities on the environment. They are directly linked to the business plan, connecting business growth with impact achievements.

The validation of these KPIs is conducted by the Shift4Good Impact Committee and the Advisory Committee.

Active ownership

It is only after a company has passed the screening criteria and defined its two Impact Key Performance Indicators (KPIs) that the investment can be made. During the holding period, Shift4Good encourages its portfolio companies to adopt better ESG practices based on their maturity stage. Shift4Good serves as a mentor for the companies in implementing their impact strategies. Throughout this period, Impact KPIs are regularly monitored, at least annually, to aggregate impact at the fund level. Whenever possible, this monitoring occurs during board meetings to provide a quarterly perspective on impact achievements.

Moreover, Sustainability Risks are monitored through the Principal Adverse Impact (PAI) indicators collected from each portfolio company annually. The Shift4Good PAI Statement will be available annually from the 30th of June.

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.

To incentivize the Shift4Good team to achieve the Impact KPIs until the company's exit, 50% of the carried interest is tied to these KPIs.