

Sustainability-related disclosure: Statement on principal adverse impacts



Table 1

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant

Financial market participant name: Finance in Motion GmbH
 Legal entity identifier: 529900P1WU0XYODWHF68

Summary

Finance in Motion GmbH (Finance in Motion, the Company) considers principal adverse impacts of its investment decisions on sustainability factors. Finance in Motion acts as an adviser vis-à-vis several self-managed alternative investment funds (AIFs or Funds), mostly SICAV-SIFs. Finance in Motion’s subsidiary FiM Asset Management S.à.r.l. acts as an alternative investment fund manager (AIFM) vis-à-vis the Arbaro Fund SCSP (Arbaro, the Fund), LEI: 529900QK3NB8IMD7BN95.¹

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of AIFs managed by Finance in Motion and its subsidiaries. It covers the reference period from 1 January to 31 December 2023. The table below reflects data of all products managed building on data reported by portfolio companies and proxy data.

Finance in Motion is committed to integrating ESG criteria into each phase of investment management, including origination, structuring, and monitoring. Against that background, the Company and its AIFs also place a priority on the effective management of (potential) principal adverse impacts of its investment decisions on these factors.

¹ The Arbaro Fund’s investment period closed in July 2022.

Description of the principal adverse impacts on sustainability factors						
<u>Indicators applicable to investments in investee companies</u>						
Adverse sustainability indicator	Metric	Impact 2023 ²	Impact 2022 ¹	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
<u>Climate and other environment-related indicators</u>						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1,177 tCO2	677 tCO2	The figure covers 100% of investees and is calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	The AIF engaged and will continue engaging with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored.
		Scope 2 GHG emissions	142 tCO2	123 tCO2	The figure covers 100% of investees and is calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	The AIF engaged with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored.
		Scope 3 GHG emissions			No data is available from portfolio companies, neither is an adequate proxy for the sector of the underlying investments of managed AIFs.	The AIF engaged and will continue engaging with portfolio companies on enhancing data availability.

² Results are rounded to whole numbers.

		Total GHG emissions	1,320 tCO2	800 tCO2	The figure covers 100% of investees and is calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	The AIF engaged and will continue engaging with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored.
	2. Carbon Footprint	Carbon footprint	16 tCO2 / MEUR	11 tCO2 / MEUR	The figure covers 100% of investees and is calculated based on Indicator 1 and the estimated fair value of investments. Results are weighted according to exposure per investee.	The AIF engaged and will continue engaging with portfolio companies on enhancing data availability and quality. Performance will continue being monitored.
	3. GHG intensity of investee companies	GHG intensity of investee companies	327 tCO2 / MEUR	237 tCO2e / MEUR	The figure covers 100% of investees and is calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	The AIF engaged and will continue engaging with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	The figure covers 100% of investees. Given the sectoral focus of the managed AIFs, portfolio companies or projects cannot be active in the fossil fuel sector. All values are proxies based on the reasonable	Investee compliance will continue being monitored.

					assumption explained above.	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	96%	94%	The figure covers 100% of investees and is calculated based on inputs from portfolio company reporting and country-level proxies developed using reasonable assumptions.	The AIF engaged with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored.
	6. Energy consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high-impact climate sector	1 GWh / MEUR	1 GWh / MEUR	The figure covers 100% of investees and is calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	The AIF engaged with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	The figure covers 100% of investees. Portfolio companies are required to follow IFC Performance Standard 6 and other AIFs' ESMS requirements.	Investee compliance will continue being monitored.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per	0.02 tonnes / MEUR	0.02 tonnes / MEUR	The figure covers 100% of investees and is calculated based on	The AIF engaged with portfolio companies on enhancing data availability and quality.

		million EUR invested, expressed as a weighted average			portfolio company data and sectoral proxy data.	Investee performance will continue being monitored.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.09 tonnes / MEUR	0.08 tonnes / MEUR	The figure covers 100% of investees, is calculated based on inputs from portfolio company reporting, and cover hazardous waste. No radioactive was waste generated.	The AIF engaged with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored.
Indicators for social and employee, respect for Human Rights, anti-corruption, and anti-bribery matters						
Social and employee matters	10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	The figure covers 100% of investees and is based on reporting by portfolio companies.	Investee compliance will continue being monitored.

<p>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p>	<p>Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</p>	<p>0%</p>	<p>0%</p>	<p>The figure covers 100% of investees and is based on reporting by portfolio companies.</p>	<p>Investee compliance will continue being monitored.</p>
<p>12. Unadjusted gender pay gap</p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>1%</p>	<p>-3%</p>	<p>The figure covers 84% of investees and is calculated based on input by portfolio companies.</p>	<p>The AIF engaged and will continue engaging with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored and addressed through engagement as applicable.</p>
<p>13. Board gender diversity</p>	<p>Average ratio of female to male board members in investee companies expressed as a percentage of all board members</p>	<p>8%</p>	<p>10%</p>	<p>The figure covers 100% of investees and is calculated based on inputs from portfolio company reporting.</p>	<p>The AIF engaged with portfolio companies on enhancing data availability and quality. Investee performance will continue being monitored and addressed through engagement as applicable.</p>
<p>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)</p>	<p>Share of investments in investee companies involved in the manufacture or selling of controversial weapons</p>	<p>0%</p>	<p>0%</p>	<p>The figure covers 100% of the portfolio. Given the sectoral focus of the managed AIFs, portfolio companies or projects cannot be active in the weapons sector.</p>	<p>Investee compliance will continue being monitored.</p>

Indicators applicable to investments in sovereigns and supnationals

Environmental	15. GHG intensity	GHG intensity of investee countries			Not applicable to the managed AIFs as they did not make any investments in sovereigns and supnationals.	
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles, and, where applicable, national law			Not applicable to the managed AIFs as they did not make any investments in sovereigns and supnationals.	

Indicators applicable to investments in real estate assets

Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels			Not applicable to the managed AIFs as they did not make any investments in real estate assets.	
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets			Not applicable to the managed AIFs as they did not make any	

					investments in real estate assets.	
<u>Other indicators for principal adverse impacts on sustainability factors</u>						
<i>Table 2</i>						
Additional climate and other environment-related indicators						
<u>Indicators applicable to investments in investee companies</u>						
Adverse sustainability indicator		Metric	Impact 2023³	Impact 2022³	Explanation	Actions taken, and actions planned and targets set for the next reference period
Emissions	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies	<u>0%</u>	0%	The figure covers 100% of the portfolio and reflects the requirements of the AIFs' towards the portfolio companies.	Investee compliance will continue being monitored.
<i>Table 3</i>						
Additional indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters						
<u>Indicators applicable to investments in investee companies</u>						
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0%	0%	The figure covers 100% of the portfolio and reflects the requirements of the AIFs' towards the portfolio companies.	Investee compliance will continue being monitored.

³ Results are rounded to whole numbers. Results are based on investee level data.

Description of policies to identify and prioritize principal adverse impacts on sustainability factors

Overall, Finance in Motion's approach to identifying and prioritizing adverse impacts on sustainability factors is guided by the Company's Sustainability Policy (approved by the Company's Sustainability Committee, last updated in June 2024). The Sustainability Policy is complemented by the respective AIF's ESG policies and frameworks. All AIFs maintain an Environmental and Social Management System (ESMS).

Finance in Motion has a Sustainability Committee with representatives from relevant internal functions, which serves as the central sustainability governance and decision-making body. Primary responsibility for day-to-day implementation of impact-related frameworks rests with the AIFs' expert teams.

Through the AIFs' ESMS, Finance in Motion assesses and manages adverse impacts. As part of this overall approach, as of January 2023, the funds also considers information on the PAI indicators outlined in Table 1/Annex I of the SFDR RTS.

Data on the PAI indicators was collected by AIFs from investees as part of the AIFs' annual environmental and social reporting process. For the reference period of 1 January to 31 December 2023, where gaps existed in the self-reported data, proxy data was used to address these gaps. Taking into account that 1) self-reported data is considered reliable and additionally reviewed by the AIF's sustainability experts, 2) the financial data is audited and 3) recognized industry sources are used for proxies-based estimated data the margins of error are overall expected to be low but cannot be entirely eliminated.

Engagement policies

In line with Finance in Motion's commitment to the UN Principles for Responsible Investing, the Company is committed to active ownership. Engagement is, therefore, an integral component of the investment process and a key driver of the investments' long-term value and contribution to sustainable development through the provision of non-financial support. This engagement aims to strengthen the abilities and capacities of our investees to enhance the impact focus or manage sustainability risks and (potential) principal adverse impacts.

Finance in Motion's local presence plays a vital role in engagement and dialogue. Its engagement leverages the expertise of the investment management teams on the ground, experts from the Impact & Sustainability department, and dedicated technical assistance teams. Finance in Motion's engagement mechanisms include direct engagement with investees on issues relating to ESG risks, governance, progress made towards the achievement of AIFs' sustainable investment objectives and topics material to the Company; technical assistance and capacity-building support on a broad range of areas such as ESG and climate risk management, sustainability strategy, and framework development; and engagement in equity investments as an active stakeholder including through board seats and engagement in various committees.

References to international standards

In considering the adverse impacts of its investments throughout the investment cycle, Finance in Motion applies international standards such as UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises, IFC Performance Standards, and ILO Fundamental Conventions. During

the reference period, the Company commenced formalizing alignment with the targets of the Paris Agreement against the MDB Joint Assessment Framework for Paris Alignment for its AIFs, based on which financing can be considered aligned with the Paris Agreement’s mitigation and adaptation goals.

Historical comparison

A historical comparison of the reference period of this statement and the previous period reported on is provided in the section ‘Description of the principal adverse impacts on sustainability factors’ above.

Version history

Version date	Description of the publication
9 March 2021	First publication in accordance with Article 4 (5) of SFDR
31 December 2022	Update of the statement integrating disclosures for FiM Asset Management S.à r.l. in accordance with Article 4 (1) and Article 4 (2) of SFDR
1 July 2023	Statement for the reference period 1 January – 31 December 2022 in line with Annex I of the SFDR RTS
30 June 2024	Statement for the reference period 1 January - 31 December 2023 in line with Annex I of the SFDR RTS