

Policy for integrating the main negative impacts

Article 4 SFDR

In 2018, as part of its Action Plan for a Greener and Cleaner Economy, the European Commission published three recommendations targeting the financial sector:

- Redirecting capital flows towards sustainable investments with a view to achieving sustainable and inclusive growth
- Managing the financial risks arising from climate change, resource depletion, environmental degradation and social issues
- Promoting transparency and a long-term vision in economic and financial activities

In this context, the European authorities have initiated the development of a regulatory framework applicable to the financial sector aimed at responding to these three recommendations. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the publication of sustainability information in the financial services sector has thus been adopted. This regulation establishes harmonised rules on transparency with regard to the integration of sustainability risks and the consideration of negative sustainability impacts in investment decisions and insurance advice, as well as the provision of sustainability information on financial products.

Under the terms of Article 4 of the Disclosure Regulation, financial market operators must publish on their website information on whether or not the main negative impacts (PAIs) on sustainability resulting from their investment decisions have been taken into account.

What are PAIs?

The Main Negative Impacts (MEI) have been defined by the EU as "*negative effects, significant or potentially significant impacts on sustainability factors that are caused, exacerbated by or directly related to the investment decisions and advice provided by the legal entity*". In short, PAIs are the negative consequences of investment decisions on the Environment, Social or Governance (ESG).

PAIs are a practical application of the "Do No Significant Harm" (DNSH) principle. They aim to avoid significant negative effects on the environmental objectives of the Taxonomy, such as the sustainable investment objectives of the SFDR regulations.

At this stage, these sustainability factors are mainly focused on the climate and, more broadly, on environmental issues, but without omitting the social dimension: employee and human rights or the fight against corruption.

What are the indicators?

IAPs are a set of measures that financial market participants are required to report on at the level of the management entity for all of its investments, as well as at the level of the funds when they are subject to IAPs.

There are 16 mandatory indicators in total: 14 are applicable to companies, 2 are specific to sovereign and supranational assets and 2 are specific to real estate assets. In addition to these mandatory indicators, market participants must opt for two optional indicators.

TechLife Capital will progressively develop information on the identification and prioritisation of IAPs. To date, the management company has taken into account the IAPs¹ for its holdings in accordance with the table in the appendix.

Quantitative approach

TechLife Capital makes available the monitoring of the 14 mandatory indicators relating to the main negative impacts on sustainability factors in Appendix 1.

What are the objectives?

Short-term target (2023)

- Improved data coverage. TechLife Capital will cover 75% of the portfolio.
- ESG assessment and roadmap for investments

Medium-term target (2024-2025)

- Achieve 80% ESG coverage for investments
- Introduction of ESG risk monitoring for all holdings

Qualitative approach

The management company is committed to initiatives in the marketplace, has defined a responsible investment policy, a shareholder engagement policy, a climate and biodiversity policy and regularly trains in ESG issues.

TechLife Capital's objective is to invest in new technologies capable of generating well-being and a lasting impact on society.

For more information on ESG, please see the Sustainability section: <https://www.techlifecapital.com/impact>

¹ https://www.eiopa.europa.eu/publications/principal-adverse-impact-and-product-templates-sustainable-finance-disclosure-regulation_fr

Appendix 1: TechLife Capital Indicators applicable to investments

Adverse sustainability indicator		Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	N/A	N/A	Data will be collected using the carbon footprint tool for participants	Climate and biodiversity policy
		Scope 2 GHG emissions	N/A	N/A	Data will be collected using the carbon footprint tool for participants	Climate and biodiversity policy
		Scope 3 GHG emissions	N/A	N/A	The data will be collected using the carbon footprint tool for participants.	Climate and biodiversity policy
		Total GHG emissions	N/A	N/A	The data will be collected using the carbon footprint tool for participants.	Climate and biodiversity policy
	2. Carbon footprint	Carbon footprint	N/A	N/A	Data to be calculated according to the data collected	Data to be calculated

	3. GHG intensity of investee companies	GHG intensity of investee companies	N/A	N/A	Data to be calculated according to the data collected	Data to be calculated
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	TechLife Capital does not invest in companies active in the fossil fuel sector	Responsible investment policy
	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	N/A	N/A	N/A	ESG questionnaire to be completed

	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	N/A	N/A	N/A	ESG questionnaire to be completed
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%	Our analysis of our holdings did not reveal any sites or operations located in or near biodiversity-sensitive areas.	Climate and biodiversity policy

Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	N/A	ESG questionnaire to be completed
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	N/A	N/A	N/A	ESG questionnaire to be completed
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 Organisation for Economic Cooperation and Development (OECD) Guidelines	Share of investments in investee companies that have been involved in violations of the UNGC principles	0%	0%	None of our holdings have been involved in any violations of the principles of the United Nations Global Compact or the OECD Guidelines.	Responsible investment policy

	for Multinational Enterprises	or OECD Guidelines for Multinational Enterprises				
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	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	0%	0%	None of our shareholdings were involved.	Responsible investment policy
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	N/A	N/A	Our holdings are not large enough to provide relevant data	ESG questionnaire to be completed

	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	N/A	N/A		ESG questionnaire to be completed
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	TechLife Capital does not invest in this sector	Responsible investment policy

Indicators applicable to investments in sovereigns and supranationals						
Environmental	15. GHG intensity	GHG intensity of investee countries	N/A	N/A	N/A	Not applicable given investment universe of our funds
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	N/A	N/A	N/A	Not applicable given investment universe of our funds

Indicators applicable to investments in real estate assets						
Adverse sustainability indicator	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period	
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	N/A	N/A	N/A	Not applicable given investment universe of our funds
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	Not applicable given investment universe of our funds