

Sustainability-related disclosure: Statement on principal adverse impacts



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.

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 2022. 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 also places a priority on the effective management of (potential) principal adverse impacts of its investment decisions on these factors.

Description of the principal adverse impacts on sustainability factors						
<u>Indicators applicable to investments in investee companies</u>						
Adverse sustainability indicator	Metric	Impact 2022 ¹	Impact 2021 ²	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	677 tCO2e	N/A	Results cover 100% of investees and are calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
		Scope 2 GHG emissions	123 tCO2e	N/A	Results cover 100% of investees and are calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
		Scope 3 GHG emissions	To be reported in 2024	N/A	To be reported in 2024.	The focus for the next period will be on data collection, enhancing data availability and quality.

¹ Results are rounded to whole numbers.

² Finance in Motion has started measuring the PAIs performance as of 1 January 2022 and therefore reported values for impact year n-1 (i.e., 2021) are not available. As the first results presented in this statement are published in 2023, the first year reflecting a comparison to the previous year will be 2024.

		Total GHG emissions	800 tCO ₂ e (attributed)	N/A	Results cover 100% of investees and are calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
	2. Carbon Footprint	Carbon footprint	11 tCO ₂ / MEUR investment value	N/A	Results cover 100% of investees and are calculated based on Indicator 1 and the estimated fair value of investments. Results are weighted according to exposure per investee.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
	3. GHG intensity of investee companies	GHG intensity of investee companies	237 tCO ₂ e / MEUR revenue	N/A	Results cover 100% of investees and are calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A	Results reflect 100% of investees. Given the sectoral focus of the managed AIFs, portfolio companies or projects cannot be active in the fossil fuel sector.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.

	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	94%	N/A	Results cover 100% of investees and are calculated based on inputs from portfolio company reporting and publicly available information on the share of non-renewable energy in national grids.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
	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 per million EUR	N/A	Results cover 100% of investees and are calculated based on inputs from portfolio company reporting. Results are weighted according to exposure per investee.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
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%	N/A	Results cover 100% of investees. Portfolio companies are required to follow IFC PS 6 and other AIFs' ESMS requirements.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested,	0.02 tonnes / MEUR	N/A	Results cover 100% of investees and are calculated based on portfolio company data and sectoral proxy data.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.

		expressed as a weighted average				
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	0.08 tonnes / MEUR	N/A	Results cover 100% of investees, are calculated based on inputs from portfolio company reporting, and cover hazardous waste. No radioactive was waste generated.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
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%	N/A	Results cover 100% of investees and are based on reporting by portfolio companies.	Compliance will continue to be monitored and reported.

	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%	N/A	Results cover 100% of investees and are based on reporting by portfolio companies.	Compliance will continue to be monitored and reported.
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	-3%	N/A	Results cover 84% of investees and are calculated based on input by portfolio companies.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
	13. Board gender diversity	Average ratio of female to male board members in investee companies expressed as a percentage of all board members	10%	N/A	Results cover 100% of investees and are calculated based on inputs from portfolio company reporting.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.

	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%	N/A	Results cover 100% of the portfolio. Given the sectoral focus of the managed AIFs, portfolio companies or projects cannot be active in the weapons sector.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
Indicators applicable to investments in sovereigns and supranationals						
Environmental	15. GHG intensity	GHG intensity of investee countries		N/A	Not applicable to the managed AIFs.	Not applicable to the managed AIFs.
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	Not applicable to the managed AIFs.	Not applicable to the managed AIFs.
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		N/A	Not applicable to the managed AIFs.	Not applicable to the managed AIFs.

Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets		N/A	Not applicable to the managed AIFs.	Not applicable to the managed AIFs.
Other indicators for principal adverse impacts on sustainability factors						
Additional climate and other environment-related indicators						
Emissions	11. Investments in companies without sustainable land/agriculture practices	Share of investments in investee companies without sustainable land/agriculture practices or policies	0%	N/A	Results cover 100% of the portfolio and reflect the requirements of the AIFs' towards the portfolio companies.	Data collection has commenced. In the next period, investee performance will be monitored and addressed in engagement as applicable.
Additional indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters						
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%	N/A	Results cover 100% of the portfolio and reflect the requirements of the AIFs' towards the portfolio companies.	The focus for the next period will be on monitoring compliance.
<p>Description of policies to identify and prioritize principal adverse impacts on sustainability factors</p> <p>Overall, Finance in Motion's approach to identifying and prioritizing adverse impacts on sustainability factors is guided by the Company's Sustainability Policy. The Sustainability Policy is complemented by the respective AIF's ESG policies and frameworks. All AIFs maintain an Environmental and Social Management System (ESMS).</p> <p>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.</p> <p>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.</p>						

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 2022, where gaps existed in the self-reported data, proxy data was used to address these gaps.

The Company has not set specific targets for each indicator at this early stage of monitoring PAI, however, interpretation of indicators and their correlation to AIFs' investment objectives will evolve as the reliability of the underlying data increases.

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.

Historical comparison

N/A

Version history

Version date	Description of the change
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	Update of the statement in line with Annex I of the SFDR Regulatory Technical Standards (RTS)
