

## THE “DISCLOSURE” OR SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

### I. WHAT IS THE "DISCLOSURE" OR "SFDR" REGULATION?

The **European "Disclosure" Regulation** No 2019/2088 of the European Parliament and of the Council of 27 November 2019 on **sustainability-related disclosure in the financial services sector**, is a text that aims to: *"lay down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products."*

This **regulatory framework applies** to companies, but also to **financial products themselves**, in this case to **funds**. The text mainly imposes **standards in terms of publications** on websites, pre-contractual documents, and periodical reports of relevant participants.

Basically, financial products (**including alternative investment funds**) are differentiated as follows, according to their characteristics:

- **Article 6:** the product does not have a sustainability objective;
- **Article 8:** the product promotes environmental or social objectives or both, among other objectives;
- **Article 9:** the product has a sustainable investment objective.

### II. POSITIONING OF THE RGREEN INVEST FUNDS

RGREEN INVEST is an asset management company regulated by the French *Autorité des Marchés Financiers*, and a **pioneer** in the **financing of renewable energy infrastructure**. The company is committed to operating responsibly and sustainably, and to being accountable in this regard.

**All our funds will receive "Article 9" classification under the new European Disclosure Regulation.**

As a reminder, since its creation, RGREEN INVEST has **only** invested in companies whose main objective is to **acquire, finance, build and operate infrastructure projects related to the energy transition and adaptation to climate change**. These projects target in particular the **production** of renewable energies (wind, photovoltaic, biogas, biomass, geothermal projects, etc.), but also the **development of mature technologies** (e.g. storage, network stabilization, smart grids, energy savings, waste-to-energy, waste treatment and recycling, etc.), and the **development of logistics platforms and infrastructure** related to climate change (reduction of CO2 emissions and optimal use of natural resources).

### III. TRANSPARENCY OF ADVERSE SUSTAINABILITY IMPACTS AT ENTITY LEVEL

As part of the Disclosure regulation, RGREEN INVEST hereby presents in the following table **the main risks in terms of sustainability and the adverse sustainability impacts** on the **INFRAGREEN IV** fund summarised in the matrix below. This matrix will be presented in more detail before the end of 2021.

SFDR Disclosure Matrix: Sustainability Risks	Types of risks on AIFs	Estimated level of AIF compliance
1- CO2 emission	Low risk due to activity	100%
2- Carbon footprint	Low risk due to activity	100%
3- Carbon footprint of holdings	Low risk due to activity	100%
4- Exposure to the fossil sector	Low risk due to activity	100%
5- Energy consumption of holdings	Low risk due to activity	100%
6- Energy consumption by holdings	Low risk due to activity	100%
7- Biodiversity and deforestation	Projects invested in, may potentially impact local biodiversity. In all situations where a risk exists, an environmental impact assessment is required and carried out.	90% (RGREEN INVEST's estimate)
8- Water emission	Low risk due to activity	100%
9- Waste and hazardous waste	No investments have been made in the waste sector to date. However, it is an interesting sector from an environmental point of view. In all situations where a risk exists, an environmental impact study is required and carried out.	100%
10- Violating UN social principles	Low risk due to activity	100%
11- Process for monitoring UN social principles	Low risk due to activity	100%
12- Gender pay gap	Project underway to obtain full reporting from invested companies - Target 2021	80% (RGREEN INVEST's estimate)
13- Presence of women in management bodies	Project underway to obtain full reporting from invested companies - Target 2021	80% (RGREEN INVEST's estimate)
14- Exposure to weapons	N/A	100%

#### IV. ACCOUNTING FOR SUSTAINABILITY RISKS IN THE REMUNERATION POLICY

As a **key instrument** in the implementation of RGREEN INVEST's strategy, the **remuneration policy evolved in March 2021** to comply with the "Disclosure" Regulation.

In the context of sustainability risks and the application of **Environmental, Social and Governance principles**, RGREEN INVEST aims to **achieve greater transparency**, both in qualitative and quantitative terms, with regard to the remuneration policy applicable to its employees.

The remuneration structure **does not encourage excessive sustainability-related risk-taking** and is linked to **risk-adjusted performance**. Fixed and variable remunerations are essentially determined, for each member of the investment and support staff, according to **qualitative and quantitative criteria**. The **sustainability of investments** and **compliance with ESG and Impact constraints** are an integral part of these criteria.