# 2025 Disclosure statement for the Operating Principles for Impact Management

# RGREEN INVEST

**SUMMARY**





*RGREEN INVEST*
*47-51 rue de Chaillot 75016 Paris*
*RCS Paris 797 827 995 – Investment Management Company regulated in France by the AMF n°GP-15000021*

## INTRODUCTION

The Operating Principles for Impact Management1 (the "Impact Principles" or "OPIM") is a global standard for integrating impact throughout the investment lifecycle, hosted by the Global Impact Investing Network ("GIIN").

The GIIN is a nonprofit 501c(3)2 organization dedicated to increasing the scale and effectiveness of impact investing through research, education and other activities.

The Operating Principles for Impact Management (thereafter "OPIM") have been developed by a group of asset owners, managers, and allocators to describe essential features of managing investments into companies or organizations with the intent to contribute to measurable positive social or environmental impact alongside financial returns.

## RGREEN INVEST AFFIRMATION

RGREEN INVEST (hereinafter "The Signatory") is an independent portfolio management company authorized by the Autorité des Marchés Financiers (French Market Authority, hereinafter referred to as the "AMF") under number GP-15000021, in particular for the purpose of conducting collective investment (AIFs) activities. RGREEN INVEST affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles").

This Disclosure Statement applies to our three funds INFRAGREEN V SLP (Equity), INFRABRIDGE IV SLP (short-term senior debt) and AFRIGREEN DEBT IMPACT FUND SLP (long-term senior debt), and RGREEN ENERGY TRANSITION SLP (project of fund of fund, opened to retail clients and using a diversified strategy, equity and short-term senior debt).

As of 01/02/2025, these strategies are implemented through various funds, which represent approximately €800m under management, equivalent to $828,16m[1] under management.

As a signatory to the Operating Principles for Impact Management (the "OPIM" or the "Impact Principles"), for the Impact Debt Portfolios, RGREEN INVEST commits to evidence its contribution to implement investors' requests for the improvement of environmental and social factors on a global scale. The purpose of this document is to present the framework relating to the integration of OPIM into the Company's investment decision-making process, with respect to impact-driven investment strategies of the Covered Assets.

RGREEN INVEST is an "Entreprise with an extra financial purpose" ("*Entreprise à mission*") under French Law. The Company has chosen to enshrine its raison d'être in its articles of association: 'to combat climate change by accelerating the energy transition and the adaptation of society through the financing of infrastructure with a positive and sustainable impact on the environment, local populations and territories'.

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[1] Exchange rate on the 01/02/2025: 1 EUR = 1,0352 USD

RGREEN INVEST is committed to supporting companies and projects whose main objective is the acquisition, financing, construction and operation of companies and infrastructures that promote the green energy transition and adaptation to climate change.

As part of our ESG approach, and in line with our investors' expectations, we have defined an investment policy aligned with the Principles for Responsible Investment (PRI), to which we are a signatory, and with the UN's Sustainable Development Goals (SDGs), and we have set up an Environmental and Social Management System (ESMS). This ESMS complies with the environmental, social and governance standards of the European Investment Bank.

The following information sets out how the management company and the funds involved intend to respond to OPIM's 9 principles. For this first year of adhesion, certain additional elements will be formalised and our entire impact system will be reviewed by an independent third party.

## PRINCIPLE 1: DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY

*The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.*

RGREEN INVEST ("we") firmly believe that full commitment to sustainability is not just desirable but essential, particularly within the financial sector. Through our activities, we dedicate ourselves to supporting companies and projects that actively combat climate change by accelerating the energy transition and fostering society's adaptation. Our focus is on financing infrastructure that generates a positive and lasting impact on the environment, local communities, and territories.

Therefore, our strategic impact objective is the following:

**Combat climate change by accelerating the energy transition and society's adaptation.**

To achieve this objective, we have developed an impact thesis that consists in investing exclusively in activities that have been scientifically validated as positive for the climate in Europe. This strategy will contribute to the Sustainable Development Goals and more specifically to both SDG 7 (Sustainable, reliable and affordable energy) and SDG 13 (Combating climate change)

**In this context, specific measurement indicators related to our impact objective have been set depending on the strategy concerned:**

<u>Impact measurement indicators (or criteria) for INFRABRIDGE IV SLP:</u>

1. 300 MWp of renewable energy capacity installed.
   This will include the following technologies: solar photovoltaic, wind farms, biogas, biomass, biofuels, energy storage, grid stabilisation, smart grids, energy efficiency, waste-to-energy, waste

treatment and recycling, green hydrogen, green steel, carbon capture, logistics and mobility platforms, optimization of the use of natural resources,
2. 100% of investments are subject to a physical climate risk assessment and have been recommended to an adaptation plan,
3. 80% eligibility to the EU Taxonomy and 80% substantial contribution to climate change mitigation (as per the EU Taxonomy),
4. 56 000 $tCO_2e$/year avoided emissions following the financing provided by the Partnership through its Investments.

Impact measurement indicators (or criteria) for INFRAGREEN V SLP:
1. 80% of alignment to the EU Taxonomy for the entire portfolio (calculation based on investment flows from inception to liquidation),
2. 100% of investments are subject to a physical climate risk assessment and have been recommended to an adaptation plan.

Impact measurement indicators (or criteria) for AFRIGREEN DEBT IMPACT FUND SLP:
1. 100 MW of renewable energy capacity installed in Africa,
2. 80% of alignment to the EU Taxonomy for the entire portfolio (calculation based on investment flows from inception to liquidation),
3. 60 Commercial and Industrial (C&I) companies supported in their energy transition by the fund,
4. Target of 15,000,000 liters of diesel generator fuel consumption avoided thanks to new renewable energy capacities.

Impact measurement indicators (or criteria) for RGREEN ENERGY TRANSITION SLP (project):

Our latest ELTIF fund to be distributed in retail to non-professional investors in particular will be launched during 2025 and will invest in the INFRAGREEN V and INFRABRIDGE funds. Its impact objectives will be aligned with the funds in which it invests, and its management will also be subject to the principles of OPIM.

Every fund is guided by clearly defined impact objectives that form the foundation of its strategy and drive decisions in portfolio development. To achieve this alignment, the investment screening and due diligence processes involve comprehensive evaluations of each opportunity's capacity to generate significant impact. These evaluations are meticulously aligned with the fund's impact strategy, focusing on how effectively the investment contributes to meeting its specific impact goals.

## PRINCIPLE 2: MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS

*The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.*



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Although we make a distinction between ESG as a risk management framework and impact as a contribution to the resolution of systemic issues, we approach both these extra-financial aspects through parallel processes.

Step 1 - Screening committees:

The ESG & Impact team gives an initial orientation based on Taxonomy and IPCC eligibility, guaranteeing the possibility of contributing to the objective.

Step 2 - Investment committees:

Detailed ex-ante analysis of potential positive and negative ESG impacts and associated mitigation/management measures is provided to the Investment Committee.
Impact & ESG clauses are annexed to any Shareholder Agreement of Credit Facility Agreement to ensure that:

- Measures will be taken to pursue RGREEN INVEST impact objective as much as possible
- Access will be given to information needed to assess the positive impact (capacities, emissions generated, emissions avoided, certifications, etc.) and;
- Measures will be taken to improve the governance and environmental and social performance of the project/company (i.e. implementation of biodiversity procedures, promotion of parity)

Step 3 - Investment monitoring:

Impact and ESG performance are monitored through regular meetings and reportings.

For equity investments, the Management company will use its engagement policy to promote decisions, policies and processes that maximise impact provided this does not jeopardise the sound financial performance of investments.

Step 4 – Exit preparation

Impact and ESG performance are assessed before repayment/exit.

Step 5 – Impact and ESG Audit

An audit will be carried out on the different funds. It will give assurance on methodologies, KPIs and targets related to ESG and Impact.

In addition, ESG & Impact committees are held every six months, bringing together the team responsible for these issues and the management of RGREEN INVEST. The impact strategy review is discussed and approved.

Finally, RGREEN INVEST regularly has its entire environmental and social management system audited, including all its policies, procedures and their application.

## PRINCIPLE 3: ESTABLISH THE MANAGER'S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT

*The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.*

More generally, we consider that we bring *additionnality* to each investment on the financial field and on the extra financial field.

Our financial contribution to the impact objective:

- We provide capital for climate transition infrastructure, which is under-financed and whose financing needs are estimated at $2,600 billion a year (UN).
- Also, we enhance low carbon technologies in Eastern Europe or Africa in areas that are even more in need of financing.
- Precisely with our debt strategy, we support the construction of power plants, a capital-intensive phase that is poorly financed by the market

Our expertise and resources provided to maximize the impact:

- We have the tools and expertise to assist with climate risks and on sustainability-related EU regulations (i.e. EU Taxonomy)
- Our expertise and experience in the energy transition sectors means that, as specialists, we can make an important contribution by benchmarking and sharing the best practice in order to maximize the overall performance of energy transition facilities, etc.

## PRINCIPLE 4: ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH

*For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.*
*In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow the best practice.*

For each investment we provide with an impact thesis compatibility analysis where we can give a snapshot of the expected impact. This is realised before investment and before disbursement/exit.
Our analysis is based on integrating the impact chain stating resources, activities, achievement and results towards impact achievement

However, we can already establish some elements of answers that will be common to all our investments, in a different magnitude.



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*(1) What is the intended impact?*

The intended impact of each investment will be to combat climate change by accelerating the energy transition and society's adaptation. This can be achieved by different means, for example:

- By promoting low-carbon energy,
- Promoting energy storage and smart management,
- By supporting the electrification of mobility,
- By supporting industrial decarbonization.

*(2) Who experiences the intended impact?*

The impact will have an immediate impact in by providing low carbon energy to households and companies across EU, OECD and African countries. Mitigating climate change by financing the energy transition will also have global consequences. It will benefit the entire planet, i.e. society and all the species living on earth.

*(3) How significant is the intended impact?*

We consider that every additional capacity for renewable energy or low carbon transport related infrastructure is significant in terms of solving a systemic challenge like global warming.
However, we can notice that:

(i) avoiding 56 000 tCO2e /year (one ouf our impact objective) is equivalent to taking about 30,000 combustion-powered cars off the road every year and,
(ii) the construction of 300 MWp would supply the equivalent of around 100,000 European homes

At RGREEN INVEST, each investment undergoes a thorough pre-assessment to quantify, to the extent possible, its potential for positive, tangible impact.
The potential impact is assessed as early as the screening phase, using a sector-based approach. The sectors that can help mitigate climate change are fairly well known, and eligibility for the European Taxonomy gives an initial indication of this potential. The ESG and Impact team is consulted and its opinion on the potential impact is formalized.

Plus, our due diligence process and our monitoring strategy maximize impact by making recommendations and using pitch to encourage decarbonization of the upstream and downstream value chains of funded projects where possible.

Our Environmental and Social Management System will help to analyze the desired impact, the targeted beneficiaries, and the expected scale of this impact, while identifying the risks that may hinder its achievement. We contextualize these assessments based on the specific challenges of the targeted geographical areas and actively seek opportunities to amplify the direct and systemic effects of our interventions, notably by sharing ESG best practices or supporting complementary initiatives.

The following methodological standards will be used: PCAF-GHG Protocol for avoided emissions, the European Taxonomy for the contribution to climate change mitigation, and the 6th IPCC report for the screening of bankable activities.

For each investment, the impact will be assessed by considering a baseline scenario based on the current state of the electricity mix, transport systems, and other infrastructure as well as the emissions associated with the areas where the projects are located (compliant with GHG Protocol/PCAF/ISO 14040).

## PRINCIPLE 5: ASSESS, ADDRESS, MONITOR, AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT

*For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

RGREEN INVEST integrates a rigorous and systematic approach to the evaluation of environmental, social, and governance (ESG) risks throughout our investment processes, particularly during ESG due diligence. We use a framework with various environmental and social indicators that allows for an in-depth analysis of ESG risks.

| | | |
|---|---|---|
| **Impact on biodiversity** | **Waste management** | **Land use/deforestation** |
| **Replacing fossil fuels** | **Rare earth & critical metals consumption** | **Water and soil pollution** |
| **Diversity & equality** | **Health & Safety** | **Job creation** |
| **Fighting tax evasion** | **Impact on local community** | **Social risk in supply chain** |
| **Country governance** | **Anti-Money Laundering** | **Anti-corruption and bribery** |

***Figure 1: Examples of environmental, social and governance risks to be analysed in the renewable energy sector***

Moreover, we commit, when necessary, to working with target companies to strengthen their systems, processes, and standards, while monitoring ESG risks and performance throughout the portfolio management (as mentioned in Principle 3). This proactive approach aims to address potential gaps or unforeseen issues in a continuous improvement mindset. As investors, we consider one of our responsibilities to be supporting our investments in the ongoing enhancement of their ESG management, which we do through the implementation of an Environmental and Social Action Plan (ESAP). The progress made against the action plan agreed with the company or project in which we have invested is regularly monitored. This regular monitoring may include on-site visits when relevant and feasible. If new gaps in ESG management are detected, the team may adjust the investment's ESG



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action plan by incorporating new actions and agreeing with the investee on an implementation timeline.

## PRINCIPLE 6: MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY

*The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.*

Investment progress is monitored quarterly and annually through data collection via ESG and Impact questionnaires (sent quarterly via an e-platform), and through recurring meetings with the ESG teams within our holdings and counterparts.

The questionnaires collect asset-specific information, data and documents (supply chain information, implementation of climate risk mitigation measures, activity data to measure alignment with the Paris Agreement, etc.) and collect data used to calculate the results of all ESG and Impact indicators on both positive and negative impact.

| Purpose | Examples of impact related questions |
|---|---|
| **Providing additional low carbon energy** | Please indicate the following (in MW):<br>• Installed energy capacity<br>• Energy capacity in construction<br>• Energy capacity ready-to-build<br>• Energy capacity in development<br><br>Please indicate the total energy produced (MWh) covering the last reporting year.<br>• Renewable<br>• Non-renewable |
| **Reducing the carbon intensity of energy systems** | Please provide amount of estimated avoided GHG emissions (tCO2e/year) covering last reporting period. |
| **Creating decent jobs** | How many jobs (estimated) is created by your activity? (direct and indirect jobs)<br>Please specify the average hours of training that the organisation's employees have taken during the reporting period |
| **Adopting environmental best practices: EU Taxonomy Alignment assessment** | • Have you conducted an assessment for EU Taxonomy alignment?<br>• What is the EU Taxonomy alignment ratio of the activity?<br>• Have you conducted a climate risk and vulnerability assessment?<br>• What adaptation measures have you put in place? |
| **Supporting the energy Transition in Africa** | • How many Commercial and Industrial (C&I) companies have been supplied by your renewable energy assets?<br>• How much quantity (in litres) of fuel consumption from diesel generators is avoided thanks to new renewable energy capacities? |

***Figure 2: Examples of quarterly and annually Impact-related questions and indicators***

Thise indicators are communicated to our LPs and other interested parties.



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Next to this, we make sure that all measures related to the ESG roadmap (ESAP) are implemented or will be implemented in a reasonable timeframe. This plan includes ESG risk and impact management policies and procedures that demonstrate the achievement of impact.
When monitoring shows that the strategy of the company is not in line with the impact objective or major breaches regarding ESG standards we may consider exit or anticipated reimbursement.

## PRINCIPLE 7: CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT

*When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.*

Most exits are predesigned through the investment structure of the deals – debt or others and do not include decision-making about factors such as timing. In case of a planned exit, typically at the end of life of a fund, an assessment will be made of the overall impacts achieved by the project (successes, lessons learnt, etc.) as well as the current context of the project in view of our exit. Wherever possible, we will engage with the project team and any new investors, to review what has been achieved and explore ways of taking this forward.

In many cases, the exit could mean the commissioning of a greenfield renewable energy project financed for its construction, or the purchase of a company in a larger group. This therefore tends to increase the impact of our investments in the energy transition, which allows the realization of structuring projects and the development of intermediate-sized companies specializing in renewable energies.

Each investment exit is accompanied by a review of ESG and Impact topics. An assessment of progress and performance is systematic for both debt and equity outflows. The conclusions of the ESG and Impact team are transmitted to the management team in charge of organizing the terms of the exit. At RGREEN INVEST, we believe that a company that generates positive impact and knows how to control its ESG risks has a greater ability to preserve its value over the long term.

## PRINCIPLE 8: REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED

*The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.*

Each investment is the subject of a summary note containing a comment on the nature and magnitude of its potential impact, the main associated ESG risks as well as the methods of monitoring its extra-financial performance. Depending on whether it is a debt investment (short or long term) or equity, the monitoring of these performances is recorded through committee reports, meetings and field visits.

For certain strategic investments, an ESG and Impact Committee is set up, bringing together shareholders and company representatives. These committees define the ESG & Impact strategy of the companies and monitor the implementation of the Action Plan linking the company to its shareholders on extra-financial issues.

The Company will release annual impact reports for each of its impact funds. These reports will outline the portfolio's progress toward its key impact goals and highlight the individual achievements of investees over the investment period. Investors will have access to these reports on a yearly basis. At the conclusion of a fund’s lifecycle, the portfolio’s impact performance will be evaluated against the fund’s objectives to identify successes and areas for improvement. Insights gained from these reviews will be incorporated into our future impact fund management practices.

## PRINCIPLE 9: PUBLICLY DISCLOSE ALIGNMENT WITH THE PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION OF THE ALIGNMENT.

*The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.*

This Disclosure Statement affirms the alignment of RGREEN INVEST’s impact management systems and procedures with the Impact Principles and will be updated annually.
The Policy will undergo external verification for the first time in 2025 and will be regularly audited (each 2-3 years).
Information will be publicly available on RGREEN INVEST’s website.

## ABOUT THIS REPORT