Sustainability Risk Policy

I. Background information and purpose of document

Rivage Investment (hereinafter referred to as “Rivage” or the “Company”) is an independent portfolio management company authorised by the *Autorité des marchés financiers* (French Market Authority, hereinafter referred to as the “AMF”) under number GP 10-000042, in particular for the purpose of conducting collective investment (UCITS and AIFs)[1] and third-party portfolio management (portfolio management mandates) activities.

The Company has drawn up this document entitled "Sustainability Risk Policy" (hereinafter referred to as the "Policy"), the purpose of which is to present information relating to the integration of sustainability risks into the investment decision-making process, and more specifically to the consideration of environmental, social and governance ("ESG") criteria in investment strategies, the means used to contribute to the energy and ecological transition and the strategy for implementing the Policy.

This document is an integral part of Rivage Investment’s Risk Management Policy,and implements the said policy as it applies to sustainability risk. It aims to meet the rules and obligations arising from the following regulatory texts:

- Article 3 of Regulation (EU) 2019/2088, i.e. the Sustainable Finance Disclosure Regulation (SFDR) on sustainability-related disclosures in the financial services sector (hereinafter referred to as the “SFDR”);
- Articles L533-22-1 and D533-16-1of the French Monetary and Financial Code;
- Article 29 of Act No. 2019-1147 of 8 November 2019 on Energy and the Climate.

Article 2 of the SFDR defines sustainability factors as *“environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.”*

Rivage Investment has always placed great importance on the environmental, social and governance (ESG) impacts associated with its activities. As of December 2016, the Company formalised this commitment by signing the United Nations Principles for Responsible Investment (PRI). Going forward, Rivage Investment plans to promote the integration of ESG matters in its investment processes in order to better address ESG risks and opportunities. Its commitment as a member of the Long-Term Infrastructure Investor Association contributes resources dedicated to managing the climate risks to which its investments are exposed.

As a medium/long-term asset manager seeking sustainable performances, the Company has established an organisation, methods and procedures serving to analyse its investments from the standpoint of sustainability factors, which it views as decisive in assessing the exposure of its funding to material risks, such as non-financial risks.

As such, the Company has undertaken to meet its fiduciary obligation with fairness and diligence, with the permanent objective of acting in the best interests of its clients.

II. Scope of application

The Policy applies to all Portfolios managed by the Company, pursuant to the SFDR which provides that all financial products shall integrate sustainability risks (in accordance with terms and conditions that may vary, see below for further details).

[1] UCITS: Undertaking for Collective Investment in Transferable Securities; AIF: Alternative Investment Fund.

The Portfolios in question may be:
- AIFs;
- UCITS;
- portfolio management mandates.

It is hereby specified that, at the last Policy review date, the Company managed AIFs (debt funds) exclusively. Consequently, the terms “Portfolio” or “funds” are used interchangeably in this document and shall be interpreted as having the same applicability.

At 31/12/2021, the Company managed 20 debt funds, representing total commitments of €7,514 million.

III. Roles and Responsibilities

The Executive Management, as the body responsible for the Company’s ESG system, defines the objectives of the Policy and validates the Policy as a whole.

The ESG team, working in conjunction with Risk Control, is in charge of drafting and maintaining the Policy. The ESG team is also primarily responsible for implementing the Policy through the deployment of the methodologies described therein.

The Risk Committee reviews the Policy, it being stipulated that the Head of Compliance, Internal Control and Risk Control (“RCCI/R”), a standing member of the Committee, holds a right of veto.

The Investment Committee is in charge of examining the ESG analyses produced prior to each investment and incorporating them in its investment decisions.

As detailed in Chapter X, Risk Control is tasked with said “level one bis” oversight, independent of Portfolio Management and the ESG team, of compliance with the Policy, while Compliance (Permanent Control) performs level two controls and Periodic Control level three controls.

IV. Information on the Company’s general process

a. General principles

As a participant in the real economy, serving the general public interest by funding essential infrastructures and the French public sector, Rivage has always sought to integrate sustainability factors in its investment policy. It cemented this commitment in December 2016 by signing the UN Principles for Responsible Investment (PRI).

In practice, this integration is implemented for all Company investments:
- (i) through ex-ante analyses conducted for each investment and submitted to the Investment Committee for a decision;
- (ii) through periodic ex-post analyses aimed at monitoring the exposure of portfolio entities to ESG risks and the deployment of its engagement policy with respect to these entities.

Materiality is one of the foundations of Rivage’s ESG approach, seeking to adopt an analysis chart for risks specific to the types of entities financed (infrastructure projects, hospitals, local authorities, social housing landlords, etc.).

Depending on the type of fund, the deployment of the ESG approach presents a number of specific characteristics, as detailed below.

b. Specific ESG characteristics of infrastructure debt funds

In accordance with the SFDR, the integration of sustainability factors in the Company's investment policies complies with the **double materiality principle**.

To that end, the following factors are considered in investment decisions for infrastructure debt funds:

- First, the potential financial impacts of ESG factors on the yield of Portfolios managed by Rivage
- Second, assessment of the impacts of activities financed by the Company on sustainability factors.

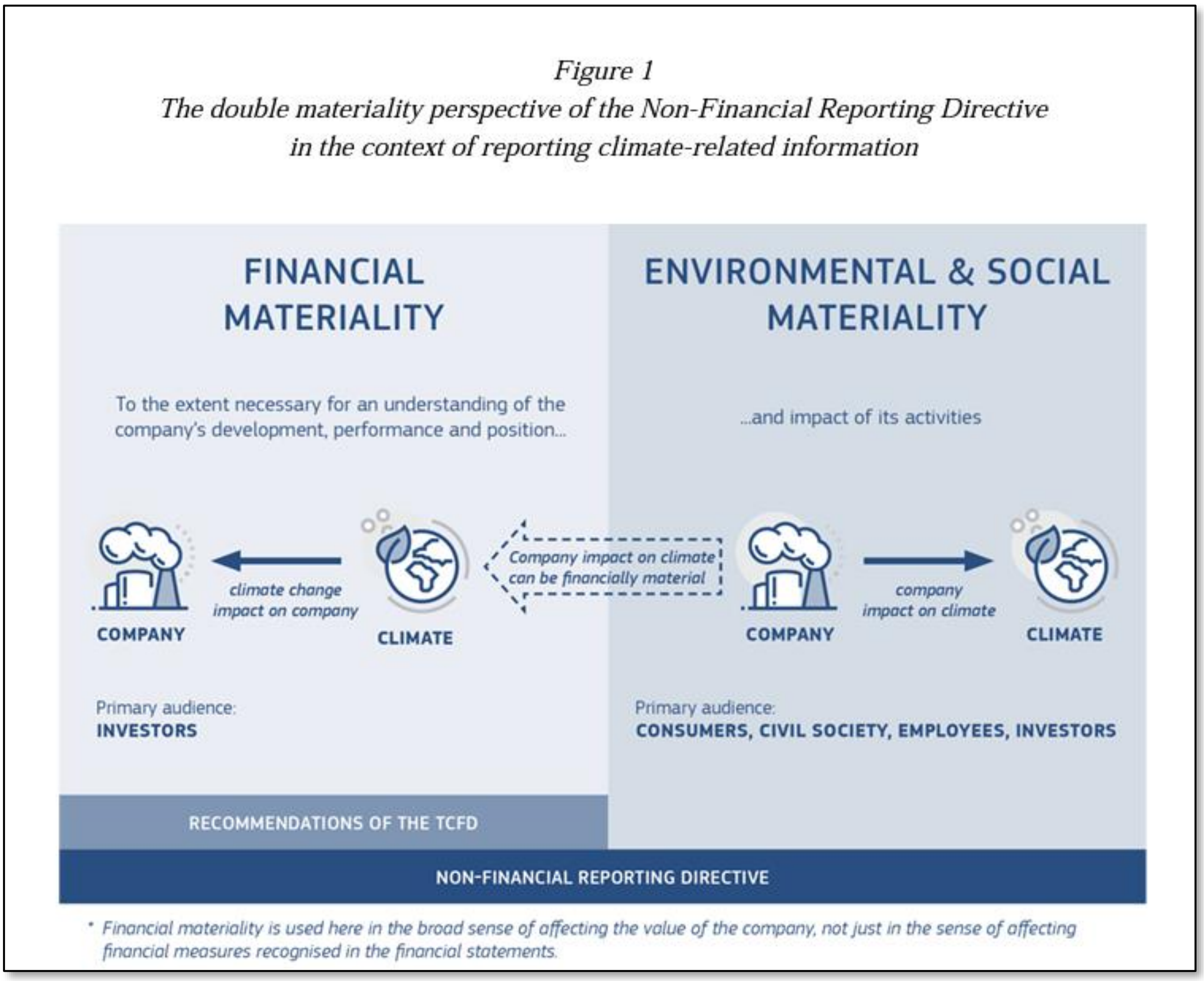


Figure 1
The double materiality perspective of the Non-Financial Reporting Directive in the context of reporting climate-related information

Source: European Commission, Guidelines on Reporting Climate-Related Information, 2019

Firmly believing in the potential impact of sustainability factors in a company's financial performances, the Company applies a strategy rooted in ESG integration, as defined by Eurosif [2], to all infrastructure funds.

[2] "*The explicit inclusion by asset managers of ESG risks and opportunities into traditional financial analysis and investment decisions based on a systematic process and appropriate research sources. This type covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision*", Eurosif, 2021

ESG criteria are thus structurally incorporated in investment decisions to expand the analysis of traditional risk and help the Company better meet its fiduciary obligation by better addressing the risks and opportunities to which the investments made on behalf of the funds managed are exposed.

Consequently, the Company has established an ESG and sustainability policy that includes, for any financing operation conducted by its funds, employed for infrastructure projects:

- sector exclusions, in addition to the limits set out in the prospectus;
- verification that the project meets standards in terms of protection of the environment, human rights, labour rights or anti-corruption measures;
- development of a systematic ESG risk rating for each project, assessment of environmental (E), social (S) and governance (G) characteristics, prevention ofthe funding of any projects that fail to receive a minimum rating; and
- integration of the sustainability risks and opportunities of the project to be financed in the financial analysis.

ESG integration in the infrastructure funds investment process

Initial screening

- Check investment opportunities against ESG policies and exclusions
- Preliminary assessment of ESG profiles of investment opportunities

Due diligence

- Assess new investments from an ESG perspective (ESG Risk Rating)
- Specific due diligence is required to identify risk mitigation measures

Investment decision

- Address key ESG matters in the investment paper

Investment

- Include ESG clauses in legal documents when relevant

Monitoring & reporting

- Yearly ESG questionnaire and rating review
- Monitoring of ESG controversies and risk mitigation measures
- Produce ESG fund reports
- Engage with Borrowers on ESG issues

The due diligence reviews conducted by Rivage to identify and assess the exposure of its investments to sustainability risks are based on data collected from various sources:

- data collected directly from borrowers during the due diligence phase (technical and legal audits performed by third parties, ESG questionnaires);
- public databases (European Environment Agency, World Resource Institute, etc.);
- external data providers (exposure to climate risks, biodiversity impact, ESG controversies, etc.);
- internal analyses conducted by the ESG teams, Compliance and financial analysts.

Sector exclusions

SECTOR EXCLUSIONS

Rivage Investment excludes any investments in organisations involved in the **development, production, maintenance and trade of controversial weapons** such as antipersonnel mines, cluster bombs, biological and toxin weapons, and chemical weapons.

Rivage excludes any investments associated with **military use of nuclear energy**. However, the Company acknowledges that the production and the use of nuclear energy is currently suitable in the fight against global warming and supports the operation of research reactors or facilities used to produce radioisotopes for medical or other purposes. Rivage does however apply additional specific screening and assessment criteria based on best-practice and guidance from the International Atomic Energy Agency and the European Bank for Reconstruction and Development[3].

The Company excludes investments in entities that **generate 5% or more of their revenue from thermal coal extraction** and/or from power generation via thermal coal extraction ("High-Carbon Intensity Coal Entities").

With High-Carbon Intensity Coal Entities, a phase out of coal-based energy production or extraction is a requirement for any climate scenario compliant with the Paris Agreement targets. Therefore, the Policy allows for an exception to the 5% exclusion threshold to have investments in entities presenting, as reasonably determined by the Company, a quantitative and documented phase out of coal-based energy (extraction or production). The phase out pathway shall be in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement (limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C).

Assessment of sustainability risks

Integration of ESG factors in risk analysis calls for the selection of ESG indicators presenting high materiality for the Company and its stakeholders (clients, regulator, financed entities, etc.). Accordingly, the criteria used in the ESG assessment grid are selected for the purpose of managing risks and opportunities associated with investments and underlying projects.

Pillar	ESG Grid Indicators
E	Climate-related physical risks
E	Climate-related transition risks
E	Biodiversity footprint
E	Exposure to water stress
E/S	Alignment with the European Taxonomy

[3] https://www-pub.iaea.org/MTCD/Publications/PDF/P_1708_web.pdf

E/S/G	ESG controversies
E/S/G	Principal Adverse Impact Score
G	Country/sector risk
G	Robustness of the corporate governance framework
G	Transparency of investee on ESG Disclosures
G	Tax compliance

Sustainability Assessment under article 2(17) of the SFDR

Aside from integrating sustainability risks in the assessment of financed entities, the double materiality principle calls for addressing the impact of activities financed by the Company on Environmental and Social factors. To that end, the principal adverse impacts on ESG factors and the associated indicators, within the meaning of Article 4 of the SFDR, are collected during due diligence, then included in the investment decision-making process.

Starting January 1st 2023, a sustainability assessment of new infrastructure investments pursuant to article 2 (17) of the SFDR is systematically performed as part of the ESG due diligence and for reporting purposes.

In accordance with the regulatory provisions, this assessment consists in evidencing:
- the contribution to an environmental or social objective,
- the absence of significant harm caused to environmental or social objectives
- the existence of good governance practices with respect to sound management structures, employee relations, remuneration of staff and tax compliance

1. Contribution to environmental and/or social objectives

Contribution to environmental objectives is evidenced through at least one of the following elements:
- Alignment of over 50% of Borrower CAPEX or Turnover with the EU Taxonomy criteria
- Alignment of the Borrower with the Paris Agreement (expressed in the form of an implicit temperature score under 2°C following robust science-based methodology[4])
- Quantified life cycle GHG emissions avoidance calculated using Recommendation 2013/179/EU or an equivalent standard.

Definition of documentation evidencing contribution to Social objectives is currently under review.

2. "Do No Significant Harm" Assessment

Aside from integrating sustainability risks in the assessment of financed entities, the double materiality principle calls for addressing the impact of activities financed by the Company on Environmental and Social factors. To that end, the principal adverse impacts on ESG factors and the associated indicators (thereafter "PAI indicators"), within the meaning of Article 4 of the SFDR, are collected during due diligence, then included in the investment decision-making process.

The 14 mandatory PAI indicators and 6 additional voluntary indicators are implemented in the ESG Due Diligence process to that effect.

PAI Indicator	Unit	Status
GHG emissions Scope 1,2,3	TCO2e	Mandatory
Carbon footprint	TCO2/M€ invested	Mandatory
GHG intensity of investee companies	TCO2/M€ Turnover	Mandatory

[4] Such as CIARA methodology from Carbone 4 (https://www.carbone4.com/files/wp-content/uploads/2020/07/Carbone4_2-infra_challenge_methodological_guide_july2020.pdf)

Exposure to companies active in the fossil fuel sector	%	Mandatory
Share of non-renewable energy consumption and production	%	Mandatory
Energy consumption intensity per high impact climate sector	GWh/M€ Turnover	Mandatory
Activities negatively affecting biodiversity-sensitive areas	Proximity to Natura 2000 areas without relevant mitigation of impacts	Mandatory
Emissions to water	T/M€ invested	Mandatory
Hazardous waste and radioactive waste ratio	T/M€ invested	Mandatory
Violations of UN Global Compact Principles and OECD Guidelines	Global Compat or OECD Guidelines infringement-related controversy rated 3 internally involving investee	Mandatory
Lack of processes and compliance mechanisms to monitor compliance with Global Compact and OECD Guidelines	Absence of relevant mitigation measures following Global Compact or OECD Guidelines infringement-related controversy rated 3 internally involving investee	Mandatory
Unadjusted gender pay gap	% gap	Mandatory
Board gender diversity	% Board members	Mandatory
Exposure to controversial weapons	% Turnover	Mandatory
Exposure to areas of "high" water stress	Presence of assets in regions where the percentage of total water withdrawn is high (40-80 %) or extremely high (greater than 80 %) in the World Resources Institute's (WRI) Water Risk Atlas tool 'Aqueduct'	Optional
Incidents of discrimination	Discrimination-related controversy rated 3 internally involving investee	Optional
Operations and suppliers at significant risk of incidents of child labor"	Child labor-related controversy rated 3 internally involving investee or its direct suppliers	Optional
Operations and suppliers at significant risk of incidents of forced or compulsory labor	Compulsory labor-related controversy rated 3 internally involving investee or its direct suppliers	Optional
"Number of identified cases of severe human rights issues and incidents"	Human Rights infringement-related controversy rated 3 internally involving investee	Optional
"Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery"	Absence of relevant mitigation measures following Human Rights-related controversy rated 3 internally involving investee	Optional

For each indicator, the collected data is assessed against a benchmark where relevant or possible. Where data is missing or difficult to benchmark, the ESG team uses proxy indicators to ensure that every underlying topic of the 20 PAI indicators listed above is assessed in a systematic manner for each investment opportunity.

When possible or relevant, PAI are assessed based on past performance obtained from borrowers' operational reports. However, there are two instances where PAI are considered (where possible) in a prospective manner:

- Projects currently under development and/or construction
- Projects demonstrating a science-based transition plan expected to be implemented over the course of the financing.

For each underlying topic, the investee's performance' assessment against its benchmark is rated from 1 (lowest impact) to 3 (significant impact). The individual PAI indicator ratings are then consolidated into a final score out of 3 which is included alongside the other ESG Grid Risk KPIs to calculate the aggregated ESG Risk Score.

If the consolidated PAI Risk KPI rating is superior to "2.5", we consider the assessment of absence of significant impact on sustainability factor to have a negative outcome.

3. Good governance practices

To assess investee's governance practices, the ESG team performs a check on all its underlying components pertaining to article 2(17) of the SFDR.

Good governance practice assessment item	**Implementation in Rivage's ESG Due Diligence**
Sound management structures	This is provided by the Compliance team through a qualitative assessment of: - The readability of the project's beneficial ownership structure (complexity & transparency); - The robustness of the project's governance framework (books and records requirements, readability of the corporate purpose, functioning rules of the governance bodies, conduct of business-related policies,…).
Employee relations	This is assessed through our controversy check which here seeks to evidence absence of recent material controversies involving the investee's management in reprehensible behavior towards employees.
Remuneration of staff	This assessment looks for significant delta between country/sector gender pay gap and investee gender pay gap.
Tax compliance	Borrower's tax compliance is assessed through the legal/tax due diligence conducted prior to any investment by a third-party law firm or documents provided by a tax authority confirming its compliance regarding tax obligations, as well as through the governance controversy check, from which possible material adverse tax matters are supposed to emerge.

Pillar	Indicators serving to monitor principal adverse impacts
E	Scope 1 Greenhouse Gas emissions
E	Scope 2 Greenhouse Gas emissions
E	Scope 3 Greenhouse Gas emissions
E	Total Greenhouse Gas emissions
E	Carbon footprint
E	Carbon intensity
E	Does the company operate in the fossil fuel sector
E	Percentage of non-renewable energy consumed
E	Percentage of non-renewable energy produced
E	Energy intensity of revenue
E	Impact on biodiversity-protected zones

E	Metric tons of emissions in waterways
E	Metric tons of hazardous waste produced
S	Violations of the UN Global Compact and OECD Guidelines for Multinational Enterprises
S/G	Lack of procedures and mechanisms for monitoring compliance with the UN Global Compact and OECD Guidelines for Multinational Enterprises
S	Average gender pay gap
S	% of women on the board of directors
G	Exposure to controversial weapons

c. Specific ESG characteristics of public sector debt funds

A different approach is taken when granting funding to public-sector borrowers (local authorities, social housing landlords, hospitals, etc.) compared to infrastructure finance. The materiality of ESG risks associated with public-sector funding stems less from exposure to sustainability risks (potential impact on credit risk) than from the potential impact of a borrower's activities on sustainability factors.

For this reason, any funding granted by a Rivage fund to a public-sector borrower (or quasi-public sector borrower[5]) is subject to an ex-ante assessment of any ESG controversies to which the borrower (including, at a minimum, the legal entity borrower and its beneficial owners and, where applicable, any legal entity or natural person key stakeholders involved in the financing operation) may be exposed.

In addition to the ESG controversy assessment, local authorities and social housing landlords (public or private) are subject to an ex-ante assessment of their level of regulatory compliance with their ESG transparency obligations.

The borrower's ESG performance is analysed ex-post.

The scope covered by the ESG analysis varies according to the type of borrower and financing.

The following public-sector entities are subject to an ESG rating:

- local authorities administering more than 50,000 inhabitants,
- hospitals funded on the primary market,
- all social housing landlords financed.

The ESG rating is updated once a year. Under the materiality principle, which underpins the Company's ESG approach, the issues assessed for the purpose of determining a borrower's ESG rating vary by type of borrower.

ESG rating grid for social housing landlords

Pillar	ESG Grid Indicators
S	Regulatory compliance: Social Utility Agreement
S	Regulatory compliance: Social Utility Report
E	Regulatory compliance: disclosure of the Greenhouse Gas Assessment
E/S/G	Regulatory compliance: disclosure of a Sustainable Development Report
E/S	E&S controversies
G	G controversies

[5] Such as a private-sector borrower backed by a local authority.

S	% Allocation of leases (excl. priority urban areas) to households in the 1st quartile of welfare applicants
S	Number of housing units financed by the PLAI (rental housing integration loan) constructed
S	Accessibility of rental housing to persons with reduced mobility
E	Number of projected housing renovations from 2022 to 2027
E	Housing starts under “RT 2020” (Thermal Regulation)/E+C- (positive energy, carbon reduction certification)
E	% housing using renewable energy
E	% housing starts using biosourced materials
S	Professional Equality Index
E	CO2 emissions: Average for rental housing in Kg of CO2eq/year/m2

Source: Rivage Investment

This grid is mainly prepared using information collected directly from borrowers for the purposes of annual ESG data collection, as well as public data (borrower websites, press articles, etc.).

ESG rating grid for local authorities

Pillar	ESG Grid Indicators
E	Climate strategy planning document
E/S/G	Disclosure of Sustainable Development Report
S	Disclosure of multi-year gender equality action plan
E	Disclosure of regulatory Greenhouse Gas Assessment
E/S/G	Disclosure of Socially and Environmentally Responsible Sourcing Plan
E/S	E&S controversies
G	G controversies
S	Multi-year gender equality action plan
S	% of population without access to local healthcare
S	% of social housing units in all housing
E	% of material and organic recycling of household waste
E	GHG emissions/capita (metric tons of CO2eq/capita)
E	Change in percentage of artificialised land

Source: Rivage Investment

This ESG grid is primarily developed using public data (borrower websites, press articles, etc.).

Hospitals

Pillar	ESG Grid Indicators
E	Energy consumption
E	% renewable energy
E	Greenhouse Gas emissions
E	Water consumption

E	Development of sustainable mobility
E	Waste management
E	Limitation of biodiversity impact
E	Employer/employee dialogue
S	Well-being at work
S	Diversity
S	HR efficiency
S	Development of access to healthcare
S	Patient welfare
G	Integration of ESG in governance
G	Stakeholder association
G	Responsible sourcing

Source: Rivage Investment

This ESG grid is mainly prepared using information collected from questionnaires submitted to borrowers each year, as well as public data (borrower websites, press articles, etc.).

d. Elements applicable to all investments

Controversy analysis

All investments are subject to an ex-ante controversy analysis. This indicator aims to assess the materiality of any ESG-related controversies, mainly based on publicly available information (press articles, reports, court rulings, etc.) involving the borrower and/or where applicable, the main stakeholders involved in the financing operation.

The controversy analysis methodology addresses the intrinsic materiality of reported facts or allegations, but also their credibility (media coverage, quality of sources) ad their estimated distance from the borrower's operating scope and the financing operation under consideration, which puts them into context.

These assessments are updated ex-post at a frequency depending on the borrower's risk profile.

The combined assessment of distance to financing and news credibility helps put materiality into context ("contextualised materiality", see below).

News Credibility** / Distance to Financing*	?	3	2	1
	Unknown	High	Normal	Limited
Unknown (-)	NR	3	2	1
Obviously Close (3)	3	3	3	2
Potentially Close / Moderately Close (2)	2	2	2	1
Obviously Distant (1)	1	1	1	1

** Distance to Financing = assessment of the potential existence of a link and its closeness, if any, to the financing concerned.*

*** New Credibility = assessment of the credibility of the news, based on the extent of its media coverage on the one hand (international, national, local or specialised), and the estimated level of quality of the sources (primary and secondary media, blogs, etc.).*

Source: Rivage Investment

Inherent Materiality* \ Contextual Factor	NR	3	2	1
High (3)	3	3	3	2
Moderate (2)	2	2	2	1
Low (1)	1	1	1	1

** Inherent Materiality = intrinsic materiality of the news, without taking into account either its level of credibility or its distance from the financing.*

Source: Rivage Investment

A consolidated score is determined for the borrower based on the scores assigned individually to each controversy.

	Individual Scores		
	Max 3	Max 2	Max 1
Consolidated Score	3	2	1

Source: Rivage Investment

The controversy analysis is updated periodically, at a frequency depending on the estimate risk of the business relationship. The analysis is reviewed every two and three years, respectively, for borrowers with an average risk score ("2") or low risk score ("1").

The analysis is reviewed at least once a year for borrowers with a "high" risk score ("3"), which are subject to greater supervision. Automatic alerts have also been configured in the news tracker tool, with the frequency of alerts determined on a case-by-case basis (daily, weekly or monthly), according to the specific characteristics of the borrower's risk profile.

With regard to the ESG assessment of Cash (comprehended as a category of asset detainable by the Portfolios) intended for the drawing of financings granted to borrowers, it is specified that this is assimilated to the ESG assessment of the related investment.

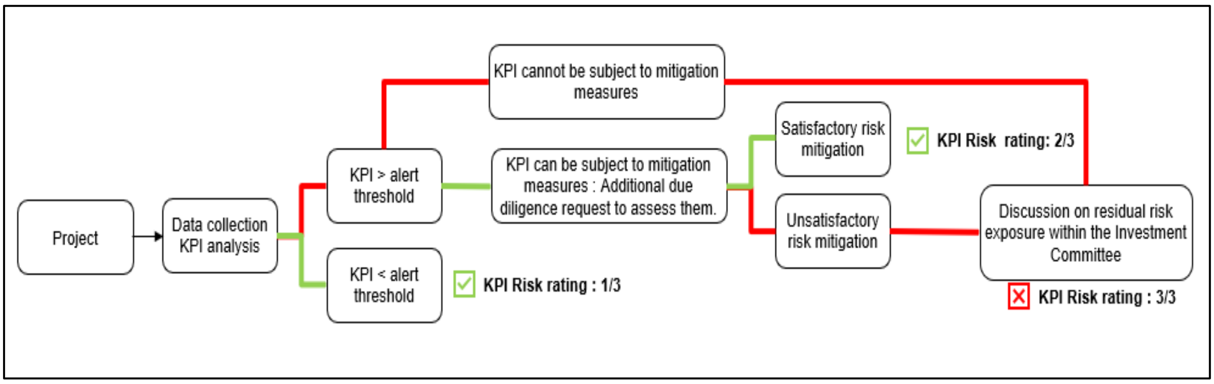
Consolidation of the ESG Risk Score

A quantitative alert threshold is assigned to each indicator, beyond which a risk is deemed material. It is either defined internally or with the relevant data provider.

When certain indicators are breached, additional due diligence reviews may be required to establish that:

- the risk has been identified by the borrower;
- measures are (or will be) implemented to manage this risk;
- these measures are proportionate to the identified risk.

Each KPI is assigned an individual score ranging from 1 to 3 that reflects the level of risk (3 = maximum risk), which may be lowered based on the appropriateness of the measures implemented by the borrower to mitigate identified risks.



Source: Rivage Investment

Assessment of the ESG Risk Score of indicators

The scores of each indicator on the ESG Grid are then consolidated for each project to establish an equally weighted average project *ESG Risk Score ("ERS")*. Projects with an ERS of more than 2.5/3 are excluded from the investment universe due to their high exposure to sustainability risks, in the absence of adequate mitigation measures.

The implementation of mitigation measures identified in the initial ESG analysis of the project is specifically monitored; as a result, the project's ERS may be updated during the periodic review of analyses.

e. Content, Frequency and Means of Information

The ex-ante and ex-post information provided by the Company on how it integrates sustainability risks and ESG criteria in its investment strategy is produced and disclosed through various canals.

Ex-ante information

In accordance with Article 3 of the SFDR, the Company's policy describing the integration of sustainability risks in its investment decision-making process is published on its website. It is reviewed and, where applicable, updated at least once a year, and on an ad hoc basis as needed.

In accordance with Articles 4, 6, 7 8 and 9 of the SFDR, the pre-contractual information for each fund explains how sustainability risks are integrated in investment decisions and how the environmental and social characteristics of the fund are observed.

Ex-post information

Pursuant to Article D533-16-1 of the French Monetary and Financial Code, the Company prepares a report within six months of the end of the financial year, describing the procedures under which the Company's ESG commitments described in this policy were observed during the previous financial year. This report is transmitted to the *Agence de l'environnement et de la maîtrise de l'énergie* (Environmental and Energy Management Agency - ADEME). The content of this report complies with requirements applicable to entities with assets under management superior to €500 million.

In accordance with Article D533-16-1 of the French Monetary and Financial Code, the Company prepares a special report each year for funds with assets superior to €500 million, appended to each fund's annual report, providing information on the integration of ESG criteria. This report supplements the information provided in the Policy in that it clarifies how the Policy is applied to the fund's management. It details the following in particular:

- The Company's general process;
- ESG criteria taken into account;
- Information used in the ESG analysis;
- Methodology and results of the analysis conducted;
- Summary of ESG ratings on projects funded, from an ESG standpoint;
- Integration of ESG analysis results in the investment process.

In accordance with Article 4 of the SFDR, Rivage will publish a report on its website each year covering the integration of Principal Adverse Impacts in its investment policy.

In accordance with Article 5 of the SFDR, the Company clarifies how ESG factors are incorporated in its remuneration policy, a summary of which is published on its website.

Lastly, as a signatory of the UN Principles for Responsible Investment (UNPRI), the Company prepares an annual report on its efforts to apply the six PRI principles, listed below. The latest version (to date) of this report is made available to the public on the dedicated PRI platform[6].

f. Participation in ESG initiatives

As a signatory of the **UN Principles for Responsible Investment (UNPRI)** since 2016, the Company undertakes to implement the following six principles:

1. **We will incorporate ESG issues into investment analysis and decision-making processes.**
2. **We will be active owners and incorporate ESG issues into our ownership policies and practices.**
3. **We will seek appropriate disclosure on ESG issues by the entities in which we invest.**
4. **We will promote acceptance and implementation of the Principles within the investment industry.**
5. **We will work together to enhance our effectiveness in implementing the Principles.**
6. **We will each report on our activities and progress towards implementing the Principles.**

Source: UNPRI, Principles for Responsible Investment

Rivage is also a member of the **Long-Term Infrastructure Investor Association**. Founded in 2014, this professional association comprises institutional investors and asset managers (representing some $350 billion in assets under management) operating in the infrastructure investment sector.

The Company is particularly active in working groups dealing with the integration of ESG criteria in the global objectives of infrastructure finance.

We are firmly convinced that the solutions to current global challenges (especially climate-related), will only be relevant with the combination of all key industry players' contributions (asset owners, portfolio managers, development banks, data providers, etc.).

V. Information on internal resources deployed by the Company

Rivage has established human, financial and technical resources, as well as a governance framework designed to meet its ambitions to implement its ESG approach.

The governance framework relies in particular on:

- a dedicated ESG team in charge of coordinating the ESG system, and analysing and monitoring sustainability factors for the purpose of implementing the Company's investment policy and strategy;
- the active contribution of other teams involved in the investment process and product governance:

[6] https://www.unpri.org/signatories/reporting-and-assessment/public-signatory-reports

- the Portfolio Management teams (portfolio managers, analysts) involved in the preliminary analysis of the ESG profiles of financed entities. They serve as the link between borrowers and the ESG team, notably for data collection and deployment of the engagement policy;
- the Compliance & Risk teams, which contribute directly to the ex-ante analysis of financed entities ("Governance" pillar indicators) and monitor the risks of portfolio positions, conduct the periodic review of the Policy and verify that it is properly applied (see sections XI and XII below);
- the Marketing and Sales Development team in charge of investor relations, which ensures that client needs are addressed in terms of ESG integration and reporting. It also contributes to the creation of new products incorporating ESG matters in the investment process.
- the Executive Management, which provides support in promoting the Company's ESG approach both internally and externally.

In terms of financial resources mobilised for the ESG risk management framework, Rivage has invested in both general and expertise-focused ESG training of employees (ESG Analyst certifications for multiple employees in different departments [7], climate scenario analysis and integration, biodiversity footprint, carbon footprint assessment, etc.)). These trainings are provided by the ESG team itself or by external expert counsels when relevant.

The Company also calls on the services of ESG data providers (climate-related risks, carbon footprint, biodiversity, ESG controversies, etc.).

On the technical front, the Company has developed in-house tools used to apply its ESG risk rating methodology, via standardised interfaces and consistency checks. It should be noted, however, that the highly diverse nature of assets in which the Company invests, and of the raw ESG data collected, significantly limit the automation potential of such tools.

Compliance with Portfolios' investment rules, including rules relating to ESG criteria, is monitored by an automated tool, which is integratedwithin the range of Rivage's portfolio monitoring tools.

Lastly, some of the information compiled from external suppliers is made accessible via on-line tools.

VI. Measures implemented to take ESG criteria into account at entity corporate governance level

Rivage Investment's ESG measures are integrated into the broader organisation and corporate governance framework implemented by the Company.

As referred to in chapter III, these measures are managed under the responsibility of Executive Management.

The sustainability risks management framework is included in the Company's broader risk management procedures and is therefore supervised, along with associated tasks, by the Risk Committee.

The ESG Manager and the ESG management team steer the operational implementation of these measures.

In addition to integrating sustainability factors into its investments on behalf of its clients, the Company has also defined in-house operational principles and rules to integrate ESG risks in its corporate governance framework.

The operational principles and rules are as follows:

1. *Governance bodies' knowledge, skills and experience:*

   - The Executive Management, in its supervisory role of the Company's integration of ESG factors in its policies and processes, defines and validates the Policy.
   - In order to communicate the required knowledge associated with ESG issues to key investment players, the governance bodies have undertaken training and awareness programmes:
     - a training programme covering levers used to align investments with the Paris Agreement,
     - a training programme covering European carbon quota markets and their impact on entities financed by Rivage,
     - the organisation of several presentation sessions (i) ESG organisation within Rivage and (ii) methodology implemented, through the intervention of concerned service providers,
     - the organisation of a Climate Fresk© presenting the main scientific facts contained in the IPCC reports.

2. *Remuneration:*

   In compliance with Article 5 of the Sustainable Finance Disclosure Regulations (SFDR), Rivage staff remuneration policy, which is published in summary form on its website, specifies the terms under which sustainability risks are taken into account, along with other non-financial factors, in determining the variable remuneration of the staff concerned.

3. *Governance rules:*

   Governance covering ESG measures is implemented at 3 levels within the Company:
   - Operational management of ESG integration into investment policies and procedures is covered by a regular meeting, held either every two months or monthly (depending on the schedule of projects underway) including the ESG team and the management,
   - The Investment Committee ensures that ESG issues are integrated into investment decisions,
   - Lastly, the Risk Committee considers the integration of ESG measures within broader risk management procedures.

VII. Company ESG engagement strategy regarding investees

Firstly, it should be noted that the Company's general engagement strategy (which is not limited to ESG criteria), including its voting policy, is covered by a specific document on this topic entitled "Engagement policy as a shareholder or creditor", which is available on the Company's website.

This section describes elements of the strategy specifically concerning engagement regarding investment targets, in terms of taking sustainability factors into account.

Rivage therefore applies its strategy to all of its investees, i.e., chiefly borrowers, as most assets are invested in the form of loans or bonds, but also potentially other types of targets, such as equity or fund units issuers, etc.

The strategy regarding borrowers, on which most investments are concentrated, is based on the two following objectives:

1. Supporting and improving issuer transparency regarding their exposure to sustainability factors;
2. Stewardship, on a partnership basis, towards a clearer understanding of the ESG risks incurred.

This engagement takes a variety of forms, depending on whether it occurs during the pre-investment phase, or in the context of monitoring risks associated with existing investments.

Pre-investment

Engagement regarding borrowers during the pre-investment phase is of critical importance, particularly for portfolio management companies applying a buy-and-hold investment approach[8], associated with relatively illiquid investments with longer-dated maturity.

In the context of negotiating financial documents, the ESG team ensures that the Company's minimum standards are respected in clauses covering the respect of rules and in information supplied by Rivage on ESG themes (e.g. in periodic reports), and also regarding borrower transparency in the event of ESG controversies.

Post-investment

Post-investment engagement is covered in the context of managing the ESG risks to which borrowers are exposed. Engagement involves directly soliciting the most relevant stakeholders with regard to the project structure (governance, key contact, etc.) among the following parties:

- Management (borrower),
- Sponsor,
- Agent in charge of relations with borrowers,
- Technical advisors in charge of the project management.

The situations most likely to trigger stewardship procedures with a borrower are as follows:

- High risk (3 rating, out of 3) identified during the initial investment on a specific ESG risk indicator;
- Downgrade in the borrower's ESG risk score (ERS) during the annual rating update;
- Material ESG controversy arising / monitoring;
- Low borrower transparency regarding ESG issues.

Escalation procedure and policy

The main objective sought by Rivage through its engagement policy is to gain a better understanding of the strategy deployed by companies and provide the Company with a clearer picture of the level of exposure to ESG risks incurred by the financed entities.

A second objective may also be to enhance the awareness of the management of the financed entities in order to promote non-financial risk being taken into account more comprehensively in their practices. Without wishing to interfere, the Company seeks to share data and analyses produced by its expert teams or partners on key issues (climate, biodiversity) with the financed entities.
In practice, in the event of a trigger being activated (see above), the ESG team notifies the Front Office staff in charge of the project / borrower concerned that an ESG breach or incident has been observed (with a copy sent to the Compliance/Risk department) and suggests launching an engagement procedure. The ESG team also specifies the objectives it wishes to achieve through the engagement procedure:

- In-depth due diligence regarding exposure to specific risks,
- Compiling information regarding existing risk management procedures,
- Management awareness regarding an ESG theme,
- Engagement regarding the respect of contractual agreements covering ESG themes, etc.

In the event of an unjustified refusal or if there is no reply from the deal team, or a disagreement between the front office and the ESG team, the team refers to the Investment Committee, which decides on relevant follow-up actions.

[8] Investment technique involving setting up positions with the intention of holding the investments until maturity.

Once the principle of an engagement procedure has been adopted, the ESG team steers the procedure, in coordination with the Front Office. If the result is unfavourable (refusal, no reply, or insufficient receptivity / efforts by the borrower), the Investment Committee is consulted in order to define the methods used to deal with the issue.

Depending on the issue of the engagement, an escalation policy is deployed on a case-by-case basis, in collaboration with the investment management teams.

VIII. Information relating to the European environmental taxonomy and fossil fuels

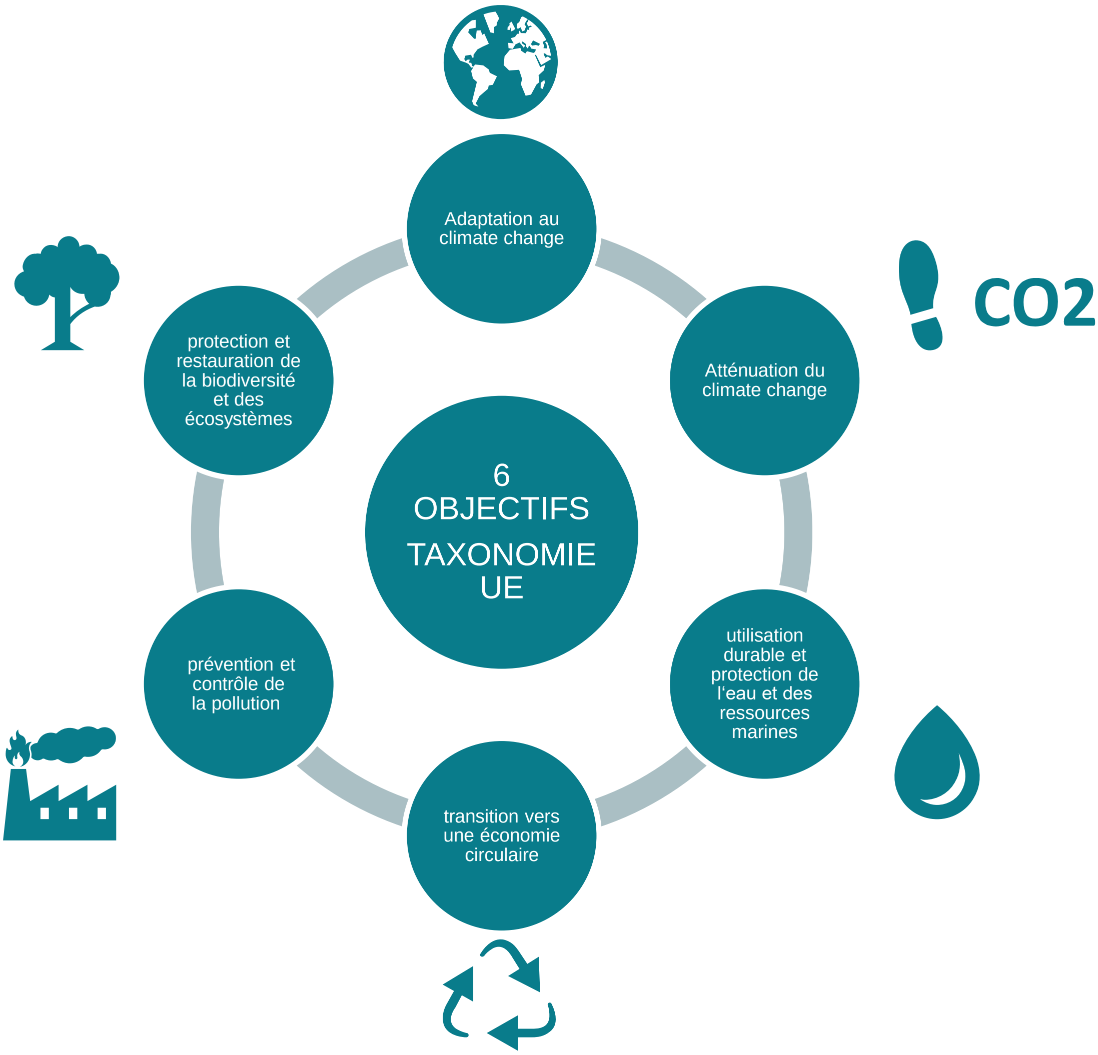
The "EU Taxonomy" regulation is a classification of economic activities which identifies environmentally sustainable practices, i.e. which do not contribute to climate change. The EU Taxonomy was launched by the European Commission in 2018 to guide and mobilise private investments towards achieving carbon neutrality by 2050.

Although the integration of social issues into the EU Taxonomy is essential for a fair transition to a sustainable economy, business activities listed under the EU Taxonomy only concern infrastructure projects financed by the Company at this stage. Rivage Investment is paying close attention to developments of the future EU Social Taxonomy, which will include within its scope some of the public sector entities financed by the Company.

Most of Rivage's investees are not subject to transparency obligations aligned with the EU Taxonomy, under Article 1(2)(c) of the said regulation. The Company therefore uses raw data provided by borrowers to calculate the proportion of eligible activities, through voluntary declarations, in accordance with Article 8(4) of Delegated Regulation 2021/4987.

Based on borrowers' financial declarations, periodic financial statements and business reports, the Company assesses the eligibility of borrowers' capital expenditures, operational expenditures and revenues during the latest reference period.

The Company then carries out an in-depth assessment of the meaningful contribution to environmental objectives, as defined under Article 9 of the EU Taxonomy, by examining the technical standards associated with each business line considered eligible to the EU Taxonomy.



A "*Do No Significant Harm"* assessment[9] is carried out in-house, based on relevant available documents and data obtained either directly from borrowers (or their sponsors) or from other public sources. The data, which is analysed by specialist technical advisors and service providers, includes (without being limited to) the following key elements:

- Technical due diligence reports,
- Legal due diligence reports,
- Environmental Impact Assessments,
- Periodic business reports,
- Sustainable development reports,
- Carbon footprint assessments,
- Responsible purchasing charter / supplier code of conduct,
- ESG controversy reports,
- Expert external counsels(climate risk exposure, biodiversity footprint),
- Second opinion reports on green bonds,
- Insurance reports…

In compliance with Article 18 of the EU Taxonomy, the Company also ensures that borrowers respect minimum requirements, in terms of social guarantees covered by Article 3(c) of the EU Taxonomy.

[9] Pursuant to articles 10 and 11 of Regulation 2020/852/EU

This assessment draws on an analysis of ESG controversies, in order to ensure that there are no material breaches involving borrowers or the main project stakeholders (engineering supply & construction contracted parties, exploitation & maintenance contracted parties, etc.):

- OECD guiding principles for multinational companies;
- United Nations guiding principles relating to companies and human rights.

IX. Alignment strategy with international global warming objectives under the Paris Agreement

a. Infrastructure funds

Infrastructure fund financing is reviewed by a data provider selected by the Company to assess alignment of our investees with international global warming limitation objectives under the Paris Agreement.

Rivage Investment seeks to gauge the alignment of its investments with a 2°C scenario, based on reasonable assumptions provided by a consensus of experts, taking asset returns over time into consideration and the trajectory of said scenario. The assessment is based on hard project data, rather than sector averages. Calculations for each of the assets is then consolidated at fund level.

All infrastructure assets are assessed in terms of the "end uses" they serve. There is a defined list of end-uses whose prospective performance is assessed in the 2°C scenario (e.g. GHG emissions associated with heating, long-distance passenger transport, specific types of electricity, etc.). Consequently, assets are not simply compared with other similar assets (e.g. one electric power station compared to another) but with all existing assets serving the same end-use in the economy. This ensures consistent comparisons between assets in different sectors.

Assessing the alignment of infrastructure assets with the Paris Agreement forms part of the ESG due diligence carried out prior to investing. Alignment is integrated into the ESG analysis of investment opportunities, which the Investment Committee draws on to make investment decisions. Alignment is also monitored through ESG updates on projects held in the portfolio.

An analysis of all of our infrastructure portfolios based on this methodology is planned to be carried out by our service provider at the end of 2022. The Investment management Company review will be able to set a quantitative alignment objective by 2030, to be reviewed every five years until 2050[10].

b. Public sector funds

Public sector borrowers in the Portfolios managed should be required to assess their alignment with international global warming objectives under the Paris Agreement. However, it is apparent that this data is currently only scarcely available, and that the assessment methodology of these entities is complex and unharmonized, particularly in avoiding double counting.

Although the Company is not currently able to set an adaptable quantitative objective, it attentively monitors the changes in methodology and practices in the sector, as well as any regulatory changes and the publications made available by some entities.

[10] In compliance with Point 6°(a) of Article D. 533-16-1 of the Monetary and Financial code.

X. Alignment strategy with long-term biodiversity objectives

Investment opportunities are currently subject to prior specific controls, in order to determine whether any physical assets are (or will be) built in the vicinity of protected areas. Projects with a documented potential impact on protected areas, as defined by the 2009/147/EC Birds Directive or the 92/43/EEC Habitats Directive, are subject to further prior controls, in order to assess whether relevant actions have been (or will be) implemented to mitigate their impact on fauna and flora.

The Company is currently assessing the relevance of key biodiversity indicators in the context of infrastructure asset financing. Rivage seeks to understand which consolidated indicators would be pertinent at the level of assets and portfolios, in order to set quantitative targets and establish an associated trajectory to ensure alignment of the investment policy with the long-term biodiversity objectives, in accordance with Article L533-22-1 of the French Monetary and Financial Code.

The Company intends to publish quantitative targets and performances on the biodiversity impact of its investments for its infrastructure funds by 2023 (based on 2022 data).

XI. Information regarding measures implemented to implement ESG criteria into risk management procedures

Environmental, social and governance quality criteria are implemented in the Company's broader risk management procedures, which include sustainability risks, among other risk categories covered.

Sustainability risks are defined in the SFDR as environmental, social or governance events or situations which, if they occur, could potentially or effectively have a major negative incidence on the value of investments.

More specifically, the Company is aware of these risks, including at least (i) the physical risks to which the investments are exposed, (ii) transition risks and (iii) controversy risks, given that these risk sub-categories include climate change and biodiversity risks.

The ESG team identifies the sustainability risks incurred by the Portfolios managed by the Company in collaboration with the Compliance & control department and the Executive Management.

Sustainability risks are reassessed annually in the context of the risk management policy review, which is ratified by the Risk Committee. This review provides the basis, for aspects of sustainability risks, within risk mapping, which is the centralised procedure used by the Company to assess and monitor risks incurred by the Portfolios, as well as Company risks.

Risk mapping has been put in place and is maintained by the Risk Control team. Mapping covers all types of financial and non-financial risks incurred by the Portfolios.

Specific risk mapping has been implemented for each Portfolio or range of portfolios. The risk mapping procedure aims to identify exposure profiles for each risk category (including sustainability risks), based on dual criteria (i) maximum theoretical exposure (gross exposure) and (ii) effective exposure during the review period (net exposure), on a graduated rating scale. The risk mapping procedure also describes risk mitigation mechanisms.

Risk categories are assessed through an analysis of key risk indicators adapted to each Portfolio or range of portfolios under review. Risks are mapped prior to the launch of a new Portfolio and are then updated, at least every six months, and also on a one-off basis when required. The results are presented to the Risk Committee.

Roles and responsibilities for integrating ESG criteria into the investment process and the methods deployed to take these risks into consideration, including measures to mitigate sustainability risks, are defined in sections III, IV and VII of the Policy.

Physical risks are defined as exposure to the physical consequences of environmental factors, such as climate change and the loss of biodiversity. They depend chiefly on the business sectors and regions in which the investment targets operate, as well as the technologies they use.

Transition risks are defined as exposure to changes caused by ecological transition, notably environmental objectives, as defined in Article 9 of the SFDR. These risks are strongly influenced by public policies, which may also vary, depending on sector and region.

Controversy risks are defined as litigation or liability risks associated with environmental, social and governance factors. Certain sectors or legal jurisdictions structurally incur greater controversy risk, although these risks are incurred primarily by the individuals or companies involved.

The way in which sustainability risks may occur and impact the value of investments in the Portfolios varies greatly, depending on the context and type of event. Sustainability risks are therefore difficult to anticipate and to quantify. The most likely potential impact of these risks, on investment targets, include production delays (which may incur marginal costs or jeopardise certain operations), fines / sanctions, or even revenue losses or opportunity costs, due to controversies arising.

In the case of debt assets, the likelihood that the impacts described above undermine borrowers' capacity to respect repayment schedules, and therefore weigh on the value of investments or Portfolios, is not necessarily constant and depends on the specificities of each case. In certain situations, where the creditworthiness of the investment target is deteriorated by sustainability risks occurring, the Company's Valuation Committee may widen the credit spread, or even allocate debt provisions.

XII. Policy periodic review and compliance control

The Policy is reviewed at least annually and also when required by the ESG team, in collaboration with the Risk Control team.

Any significant changes to the Policy must be ratified by the Rivage Investment General management and then reviewed by the Risk Committee, given that the Head of Compliance and Internal & Risk Control, who is a standing member of the Committee, has a veto right. Minor updates and corrections may be made occasionally to the Policy, as long as they do not modify its meaning or interpretation (e.g. insubstantial changes, headers and footers, revision dates, regulatory reference updates), which do not require formal validation. An annotation is added in these cases.

Compliance with the Policy is controlled at various levels.

So-called First level "bis" controls are carried out by the Risk Control team. These controls essentially aim firstly to ensure that an ESG analysis is carried out prior to investing (limited to the analytical scope applied to each type of investment) and, secondly, to ensure that the Investment Committee takes these analyses into consideration in their decisions.

Second level controls are carried out by the Compliance & Internal Control team, in the context of the permanent control plan and also the assessment of risk management measures suitability (ref. control CP-6.04-RSK-H), and the investment and position monitoring process (ref. controls: CP-3.01-IVD-Q, CP-4.06-SIV-H), and investment ratios and limits controls (ref. control: CP-6.04-RUL-Q), which include controls of ESG aspects.

Third level controls are carried out under periodic control measures (delegated by the Company to an independent advisory firm) implemented in the context of the periodic control plan and control assignments covering these themes, and also a specific control of ESG measures.

XIII. Communication and archiving

The Policy is communicated to all of the teams involved in ESG processes, including the ESG team, the Investment teams, Compliance and Risk Controllers and the Executive Management.

The latest version in force is available on the Company network, in the “Internal policies” section.

XIV. Modifications

Date	Version	Description of modifications
29 November 2022	V2.2	Modification of “Sector exclusions” and “ESG Grid Indicators” in section IV b. Addition of a paragraph named “Sustainability Assessment under article 2(17) of the SFDR” in section IV b. Clarification of the ESG treatment of cash allocated to debt drawings, in section IV d.
3 October 2022	V2.1	Clarification of "Sector exclusions” in section IV b.
18 July 2022	V2.0	Major modifications relating to the ESG process, taking into account the SFDR, EU Taxonomy and the Climate law.
20 December 2020	V1.2	Annual Policy review, inclusion of the ESG rating process relating to public sector financing.
31 December 2019	V1.1	Annual Policy review, updating Appendix 1.
31 December 2018	V1.0	Initial Policy publication

* * *