Product specific website disclosure information of Marguerite III

October 2023

This document is established in accordance with the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("SFDR") and applies to Marguerite III SCSp ("Marguerite III" referred to as "the Fund" in this document) managed by Marguerite Investment Management S.A. advised by Marguerite Adviser S.A. These two entities are referred to as Marguerite in this document.

Summary

Marguerite III aims at investing in infrastructure across multiple sectors to help deliver the energy transition and facilitate the achievement of the European net-zero emission target by 2050.

In line with this commitment, Marguerite III is classified as Article 8 as per the Regulation (EU) 2019/2088. Marguerite III commits to make 100% investments with environmental and social characteristics by selecting infrastructure investments that are aligned with the 2015 Paris Agreement, and bring environmental and social benefits, as measured by the positive contribution to one or several UN Sustainable Development Goals (SDGs). Marguerite III also commits to making at least 55% of sustainable investments according to the European Investment Bank's (EIB) Climate Action & Environmental Sustainability criteria.

Marguerite assesses the contribution of each investment to these frameworks, and monitors and discloses these indicators at least annually to its investors including limitations on the methodology and data.

In addition to ensuring a positive impact, Marguerite systematically assesses sustainability risks, checks that the investment does no significant harm to any environmental or social objective and ensures good governance practices using a step-by-step methodology along the investment cycle.

The performance of the investments is monitored, and each of them is engaged on sustainability aspects at least on a yearly basis.

No sustainable investment objective

Marguerite III is an Article 8 fund that promotes environmental or social characteristics, but does not have sustainable investment as its objective having regard to SFDR. However, the Fund is committed to making at least 55% sustainable investments according to the EIB Climate Action & Environmental Sustainability criteria.

Marguerite also ensures that all investments do not significantly harm any environmental or social objective and that the investments follow good governance practices.

Environmental or social characteristics of the financial product

The Fund promotes environmental and social characteristics as per its commitment to selectively invest in infrastructure that brings essential environmental and social value to society, striving to further contribute to the creation of sustainable living environments.

The Fund invests in infrastructure investments that are aligned with the 2015 Paris Agreement[1], and bring environmental and social benefits, as measured by the positive contribution to one or several Sustainable Development Goals (SDGs) or the contribution to one of the environmental objectives of the Regulation (EU) 2020/852 (known as the EU Taxonomy), without having set a minimum percentage of investments in that case.

Investment strategy

The Fund is seeking to build a diversified portfolio of investments in European infrastructure opportunities with a primary focus on the Energy, Digital, Waste and Water, and Transport sectors. The Fund intends to invest primarily in the OECD Member States in Europe.

The Fund aims at building on Marguerite's experience of making successful greenfield and brownfield expansion investments in sectors and/or geographies primarily in OECD Member States in Europe. Ultimately, the Fund's main objective is to invest in new infrastructure across multiple sectors to help deliver the energy transition and the net-zero emission target by 2050 Europe-wide, including in less developed European geographies.

Proportion of investments

The Fund will make 100% of its investments in infrastructure across multiple sectors to deliver the energy transition and to facilitate the achievement of the European net-zero emission target by 2050, including in less developed European geographies.

100% of the Fund's investments are aligned with environmental and social characteristics considering that 100% of its investments will be aligned with the Paris Agreement, and contribute to at least one SDG.

[1] The Paris agreement objective is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

Monitoring of environmental or social characteristics

To ensure the contribution to the promoted environmental characteristics, Marguerite will monitor:

- alignment with the Paris Agreement based on (but not exclusively) on the EIB Group Climate Bank Roadmap 2021-2025;
- the positive environmental and social contribution, through quantified contributions to the UN SDGs framework; and,
- the share of EU taxonomy-aligned investments.

Each investment made by the Fund will have a dedicated clear analysis of its compliance and contribution to each of the three indicators stated above verified by the Fund's ESG Manager.

Marguerite will also ensure that each investment does not significantly harm any environmental or social objectives and follows good governance practices – see details in "Due diligence" and "Engagement".

Marguerite will disclose the quantitative indicators at a portfolio and investment level to its investors on a regular basis, at least annually.

Methodologies

Marguerite has developed methodologies and processes to evaluate the contribution to the promoted environmental characteristics, the share of sustainable investments while making sure that each investment does no significant harm to any environmental or social objectives and follows good governance practices.

To ensure the contribution to the promoted environmental and social characteristics, Marguerite will monitor:

- the alignment of investments with the Paris Agreement. The Fund (notably but not exclusively[2]) refers to the EIB Group Climate Bank Roadmap 2021-2025 which lists the activities that can be considered as Paris-aligned, with related technical criteria;
- the positive environmental and social benefits, through quantifying and monitoring the contributions of investments to the UN Sustainable Development Goals ("SDGs") framework. In practice, specific indicators will be defined on a case-by-case basis after an impact materiality assessment, based on the SDG(s) they are directly contributing to, as well as the nature of their business activities, in order to assess their actual contribution. These contributions will also be re-evaluated on a regular basis over the entire investment lifecycle; and,
- the share of EU taxonomy-eligible and taxonomy-aligned investments calculated as per the Regulation (EU) 2020/852.

[2] As climate scenario alignment methodologies are evolving, Marguerite may also refer to other science-based approaches.

Marguerite will calculate the share of sustainable investments considering the weighted average of sustainable investment at the portfolio level based on investment values. As per the EIB CA&ES approach, an investment contributes to the Fund's sustainable objective if:

- The activities compliant with CA&ES criteria represent a 'great majority of the investee company activities', meaning that at least 90% of the revenues during the preceding financial year or future revenues as per a business plan are/will be generated from an activity or multiple activities that comply with the relevant criteria in this guidance. In this case the whole investment can be considered as sustainable.
- In case the proportion of revenues that complies with the criteria is lower than 90%, only the part that fulfils the criteria can be considered as sustainable.

Any investment considered as sustainable (or partly sustainable) as stated above should also do no significant harm to other environmental objectives of the CA&ES operations. Relying on Marguerite's ESG risks analysis, the company should be deemed as not having a negative impact on those environmental aspects.

Data sources and processing

To assess the different indicators related to the environmental and social characteristics promoted by the Fund, Marguerite will use:

- Quantitative data collected directly from the investment – through a standard questionnaire;
- Documents sent by the investment (notably describing their activities and attesting good ESG performance and practices); and,
- Public databases such as European greenhouse gas emission factors from recognised institutions in Europe and statistics to calculate indicators specific to each SDGs (e.g. consumption of electricity per household).

When gathering and integrating ESG indicators, the ESG Manager is in charge of ensuring data quality and identify limitations to each calculated indicator relative to the environmental or social characteristics promoted by the Fund.

Marguerite ensures data reporting by systematically including contractual reporting requirements upfront. Investments are required to provide reports on an annual, quarterly or half-yearly basis, as defined on a case-by-case basis.

Limitations to methodologies and data

Given the size of the potential investments, it is sometimes challenging to gather non-financial data in fully satisfactory quality and quantity. The ESG Manager is responsible for engaging with the investments to progressively improve the data quality.

Due diligence

Before any investment, Marguerite makes sure that each investment does no significant harm to any environmental or social objectives and follows good governance practices.

Marguerite initially conducts a high-level ESG screening, which includes a review of all major potential social and environmental impacts, the analysis of the Fund's exclusion list as well as a Know Your Transaction (KYT) assessment. In case of a major negative impact or risk, the potential investment is not pursued. The potential investment is then assigned with a global ESG risk level, in line with the Equator Principles and the IFC's Performance Standards on Environmental and Social Sustainability. A detailed ESG due diligence is performed to ensure the potential investment meets the Fund's criteria, complies with ESG laws and regulations and manages its material risks, and to quantify the potential negative sustainability impacts. In case of high ESG risks or selected medium ESG risks, this ESG due diligence is conducted with the support of an Independent ESG Consultant (IESGC) bringing sectorial and ESG expertise. The scope of this ESG due diligence is commensurate to the ESG risk level. As part of the scope of work, the IESGC will reconfirm the assigned risk category, analyse specific ESG risks and assess the environmental and social characteristics of the investment opportunity.

The ESG due diligence guides Marguerite in the selection of "ESG Focus Points", which capture both key ESG risks to be mitigated and opportunities, along with action plans with the objective of improving the potential investment's sustainability performance.

Before any investment decision, for each opportunity, Marguerite prepares a summary of:

- The environmental characteristics of the investment opportunity (incl. alignment with the EU taxonomy, alignment with the Paris Agreement, and contribution to the SDGs);
- An analysis of the ESG risks, associated action plans and KPIs; and,
- The compliance to the Fund's ESG commitments and regulations.

The findings of the ESG screening and due diligence are included in the Investment Proposal presented to the Investment Committee. If an identified impact is too significant despite the action plan, the potential investment will not be pursued.

Engagement policies

Marguerite exerts its stewardship through active engagement to promote its sustainable investment values. The objectives are (i) to improve the sustainability performance of its investments during the holding period and (ii) to encourage its investors, contractors, business partners, policymakers and financial regulators to adopt practices in line with sustainable investment.

Marguerite engages its investments through its voting power at shareholders' and board meetings, proposing agenda items and discussing ESG matters in line with its sustainability values. The engagement process is supported by asset-specific ESG indicators and the principal adverse impact indicators are monitored and reported at least annually. The ESG Manager also engages with the investments during the year to implement more sustainable practices.