# Sustainability-related disclosure linked to the Sustainable Finance Disclosure Regulation

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 relates to Marguerite Investment Management S.A. and Marguerite Adviser S.A. (which applies the policies and procedures of Marguerite Investment Management S.A. as financial adviser). These two entities are referred to as Marguerite in this document.**

## Article 3 - Transparency of sustainability risk policies

Sustainability risks are defined by SFDR as "an event or situation in the environmental field, or governance which, if it occurs, could have a material or potential negative impact on the value of the investment".

Marguerite considers sustainability risks across its investment decision-making process and aims at reducing and mitigating them.

**Investment thesis & exclusion list**

Marguerite selects positive impact investments according to the promoted environmental and social characteristics and excludes from its scope investments generating revenues from:

- Activities or sectors that go against Marguerite's principles and values, such as ammunition and weapons, alcohol, tobacco, drugs, gambling, pornography or prostitution, forced labour and harmful child labour, trade in wildlife and wildlife products;
- Activities or sectors that go against the UN Human Rights Declaration, the ten principles of the UN Global Compact or OECD Guidelines for Multinational Enterprises;
- Activities or sectors that do not comply with applicable laws and regulations.

**Sustainability risk management across the investment cycle**

Marguerite analyses and monitors sustainability risks along the investment cycle:

- At pre-investment, the investment team, assisted by the ESG Manager, initially conducts a high-level ESG screening, which includes all major potential social and environmental risks as well as a Know Your Transaction (KYT) assessment. In case of a major negative risks, 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, respects ESG laws and regulations, manages its material risks, and quantify the potential negative sustainability impacts. In case of preidentified high or medium ESG risks, the ESG due diligence is conducted with the support of an Independent ESG consultant (IESGC) bringing sectorial and ESG expertise and whose scope of analysis is commensurate to the level of ESG risk. In particular, the investment team analyses the compliance of potential investments to the EU taxonomy including the sustainable contribution, do no significant harm criteria, and the minimum social safeguards.

- The ESG due diligence guides the investment team in their 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 investment's sustainability performance.
- The findings of the ESG screening and due diligence are included in the Investment Proposal presented to the Investment Committee. ESG action plans and indicators are validated by the Investment Committee.

- During the asset management period, the investment team collects relevant data to monitor the progress on ESG Focus Points and their related action plans on an annual, quarterly or half-yearly basis to be decided on a case-by-case basis. The action plan and the objectives set may be subject to regular review so as to reflect new ambitions and challenges. The progress is reported in the quarterly and annual reports to the investors.
- As part of the contractual conditions, in case of any social, labour, health and safety, security or environmental incidents, accident or circumstances that could reasonably be expected to have a material adverse effect on the implementation of the investment and its compliance with Marguerite's ESG requirements, the investment's management team (or operator if applicable) notifies Marguerite and the ESG Manager after becoming aware of such an event and keeps Marguerite and the ESG Manager informed of the ongoing implementation of the rectification measures.

**Engagement of investments on sustainability risks**

Marguerite exerts its stewardship through active engagement to promote its sustainable investment values and limit sustainability risks. Marguerite's ESG team is first responsible for collecting data relative to the investments' sustainability performance – notably on ESG Focus Points capturing sustainability risks. Marguerite's ESG Manager engages with investments to manage and reduce sustainability risks as part of board meetings and dedicated ESG sessions.

**Governance of sustainability risks**

Marguerite defined a governance of sustainability risks enabling a fluid and knowledgeable decision-making process.

- Investment Committee of the relevant Fund receives information on the sustainability of proposed investments, is informed of all relevant ESG incidents and receives regular sustainability reports on portfolio investments. It is responsible for ensuring that the Sustainability Policy and Procedure adequately address sustainability matters of potential investments and portfolio investments and that ESG risks and opportunities are taken into account in the management, monitoring, assessment, improvement and reporting of the investments.

- Marguerite's Board of Directors and Senior Management are responsible for:
    - the definition, implementation, monitoring, assessment and improvement of Marguerite's Sustainability Policy and Procedure;
    - ensuring that appropriate resources, staff, training and budget are devoted to implementing the investment manager's sustainability procedures;
    - defining and implementing appropriate sustainability objectives in the remuneration policy;
    - ensuring that the right level of sustainability information is reported to the investors and disclosed to the public; and,
    - all sustainable investment matters towards the governance bodies of each AIF.
- The ESG Team supports Marguerite's Board of Directors and Senior Management along its ESG journey. The ESG Team includes an ESG Manager and other members of Marguerite, with the direct involvement of senior management. The ESG Team reports to Marguerite's Senior Management. In particular, the ESG Team ensures that the Sustainability Policy and Procedure adequately fit the business environment's best practices, are correctly implemented by Marguerite teams and that the information reported to the investors and disclosed to the public are accurate and sufficient. The ESG Team is the main point of contact on ESG and sustainability matters at Marguerite.
- Members of the investment team at all levels of seniority implement Marguerite's Sustainability Policy and Procedure, incorporate ESG matters in their investment activities, and contribute to the development of Marguerite's ESG incorporation approach and Marguerite's stewardship activities.

## Article 4 - Transparency of adverse sustainability impacts at entity level - Principle Adverse Impacts statement

At entity level, Marguerite does not consider all the specific adverse impact indicators set out in Annex 1 of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 in its investment decisions, although an ESG Due Diligence considering material impact of investments is always carried out. This applies to 2020 European Fund for Energy, Climate Change and Infrastructure, SICAV-FIS ("**Marguerite I**"), Marguerite Pantheon SCSp ("**Marguerite Pantheon**") and Marguerite II SCSp ("**Marguerite II**"), which were created before, and not distributed since, the entry into force of the SFDR.

However, Principal Adverse Impacts (PAIs) are considered for Marguerite III SCSp ("**Marguerite III**") - which is an Article 8 fund under the SFDR. PAI indicators are disclosed to our investors including the following two additional indicators:

- The rate of accidents – as Marguerite invests in greenfield infrastructure, health and safety during construction is critical;
- The impact on natural species and protected areas - as Marguerite can positively impact the infrastructure design and construction to reduce the impact on biodiversity.

Principal Adverse Impacts will be considered and PAI indicators will be reported for any new fund in the future.

Marguerite still ensures transparency on sustainability risks with its investors by communicating ESG indicators at least twice a year. Investments are required to provide reports on a monthly or quarterly basis with key operational (including ESG) and financial performance data, such as financial statements, benchmarking, updates on construction/capex, as applicable, operational information (ramp-up), ratio compliance, ESG Focus Points, and/or other specific data requested by the investors.

## Article 5 - Transparency of remuneration policies in relation to the integration of sustainability risks

Marguerite's board of directors is responsible for defining and implementing appropriate sustainability objectives in the remuneration policy. Marguerite pays staff a combination of fixed remuneration (salary and benefits) and variable remuneration (including bonus). Variable remuneration for the Investment Team considers compliance with all policies and procedures, including those relating to the impact of sustainability risks on the investment decision making process.