2024 Disclosure statement for the Operating Principles for Impact Management

Contents

Introduction, background information and purpose of document

The Operating Principles for Impact Management[1] (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.

Rivage Investment (hereinafter the "Company" or "Rivage") 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)[3] activities and third-party portfolio management (portfolio management mandates) activities.

Rivage Investment affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles")."

This Disclosure Statement applies strictly to the following assets or business lines of the Company (the "Covered Assets" or the "Impact Debt Portfolios"), for which their investors have expressed a request to make an impact investment with measurable social and/or environmental outcomes to aligns capital with the goal of achieving positive change:

- Rivage PD-FICS Fund
- Rivage EUCLIDES Fund

The total Covered Assets in alignment with the Impact Principles is US$200M as of September 30th 2024.

As a signatory to the Operating Principles for Impact Management (the "OPIM" or the "Impact Principles"), for the Impact Debt Portfolios, Rivage Investment 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.

[1] https://www.impactprinciples.org/sites/default/files/2023-12/Impact%20Principles%20Brochure%202023%20%28English%29.pdf

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

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

Disclaimer:
The information contained in this Disclosure Statement has not been verified by and is not endorsed by the Global Impact Investing Network, Inc. (“GIIN”), the Secretariat, or Advisory Board. The views, opinions, statements, analysis, and information expressed and contained in these materials are solely the responsibility of the person or entity providing such materials and do not necessarily reflect the views or opinion of the GIIN. The GIIN shall not be responsible for and expressly disclaims any and all liability for any loss, claim or liability, whether arising at law or in equity, that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, viewers, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

Scope of application

This Disclosure statement applies to the Impact Debt Portfolios managed by the Company (as evoked in the previous section).

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

The terms “Portfolio” or “funds” are used interchangeably in this document and shall be interpreted as having the same applicability.

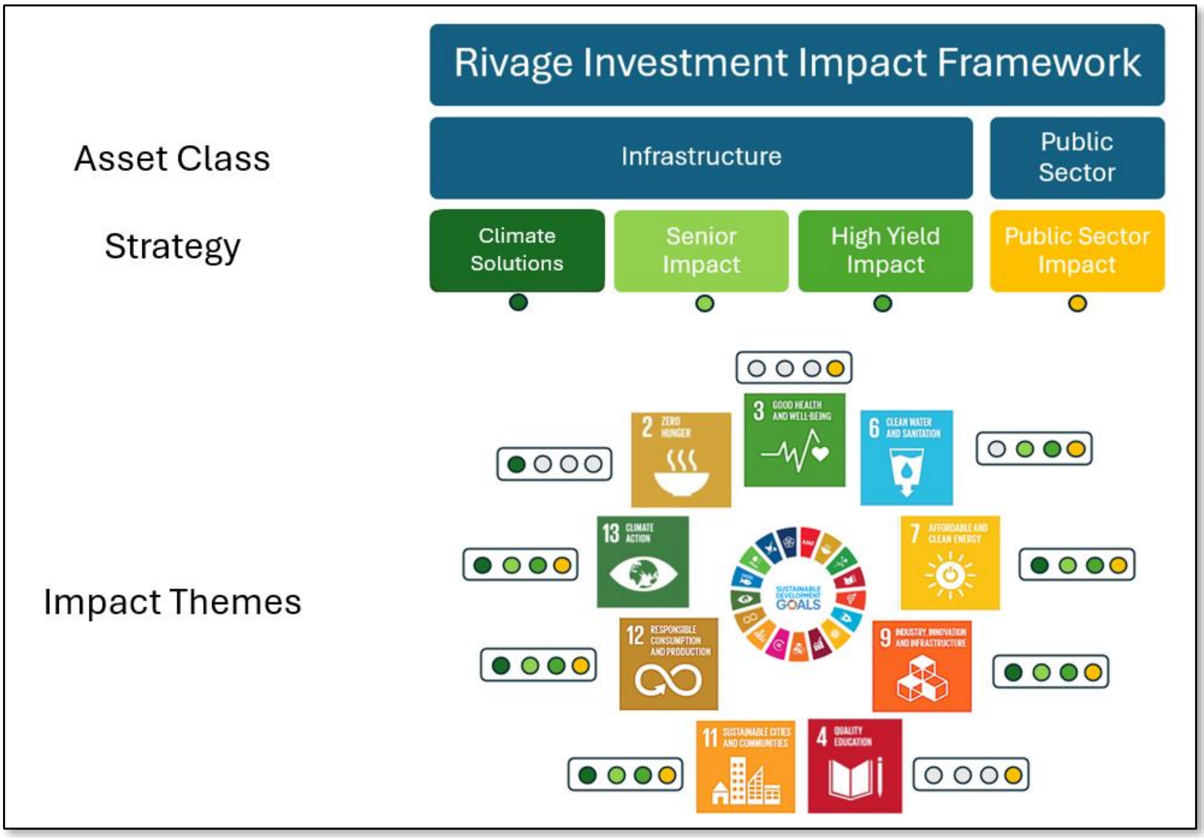
This document covers the following impact strategies (i.e. Impact Debt Portfolios may be included in each of the following strategies):
- Climate Solutions Impact Debt
- Senior Impact Debt
- High Yield Impact Debt
- Public Sector Impact Debt

Operating Principles for Impact Management

Principle 1: Define strategic impact objectives 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

All Rivage's impact-driven strategies focus on specific impact objectives outlined in a fund-level so-called Theory of Change. The Theory of Change details the inputs and actions that will be implemented by the relevant fund, as well as the outputs that will be assessed to evidence achievement of the desired impact outcomes. It begins by examining the societal issues the relevant fund aims to address and explaining how the selected investment strategy will positively contribute to its solving. This includes a thorough description and justification of the Key Performance Indicators (KPIs) that will be monitored to track progress towards the intended impact. While each fund's Theory of Change is tailored to its unique context, the Company's impact framework covers eight overarching impact themes, each with associated subthemes and intents. Certain funds may prioritize specific themes based on their underlying impact objectives and asset classes. These impact themes are aligned with the Sustainable Development Goals (SDGs) to which they contribute.



Source : Rivage Investment

***Dedicated Fund 1 Impact Objective**:*

This strategy addresses the urgent need for:

- *greater scale and integration of climate investments in Europe through provision of solutions to bridge the climate financing gap to meet EU climate targets, and*
- *strategic engagement, learning, and accountability among stakeholders, ensuring that the expansion of climate investments does not result in negative externalities, such as increased pressure on ecosystems or adverse social impacts in the supply chains of green infrastructure projects, fostering inclusive systemic change and a just transition.*

The Fund's investments are expected to contribute positively and directly to the following UN Sustainable Development Goals: 7, 9, 11, 12 & 13.

Euclides Impact Objective:

The Fund has an environmental objective notably by financing entities which are actively participating, directly or indirectly, in the fight against climate change. Such entities notably contribute to:

- *reducing carbon and greenhouse gas emission or avoiding such emission or providing physical and/or digital solutions in order to reduce or to avoid them,*
- *developing clean transportation of people and of goods, clean energy solutions, or having innovative process or disruptive technologies with less resources and low environmental impact,*
- *having recycling efficient process or circular business model or approach, and*
- *removing greenhouse gas from the atmosphere.*

The environmental objectives of the European Taxonomy to which the sustainable investment underlying the Fund contributes are: (i) climate change mitigation (ii) climate change adaptation (iii)transition to a circular economy (iv)pollution prevention and control.

The Fund's investments are expected to contribute positively and directly to the following UN Sustainable Development Goals: 7, 9, 11, 12 & 13.

The investment screening and due diligence processes involve comprehensive evaluations of the investment's potential impact. These evaluations are customized according to the impact strategies, with a focused analysis on how effectively the investment aligns with the relevant fund's Theory of Change.

The GIIN offers the IRIS+ system[4] to support the practice of impact investing and promote transparency, credibility, and accountability in the use of impact data for decision-making across the impact investment industry. This Impact Measurement and Management system ("IMM")

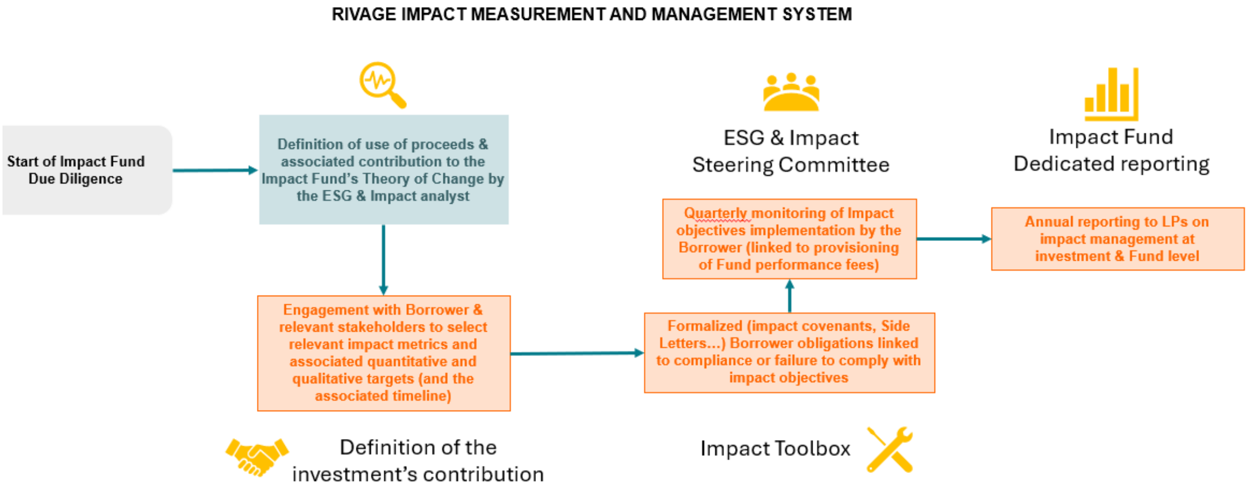
[4] Impact measurement and management system created by the Global Impact Investing Network (GIIN) to support impact measurement

notably provides impact investors with core metric sets for investment decision-making, backed by evidence, based on best practices, and standardized to enable comparison of data.

These elements are explicitly defined by the ESG & Impact Manager during the due diligence process to ensure contribution of the investments to the fund's Theory of Change. The results of this assessment are submitted to the Investment Committee, for investments potentially intended to be allocated to one or several impact funds.

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.



Source: Rivage Investment

The "Rivage Impact Measurement and Management System" describes the process of assessing and managing the impact of investments for a given impact fund.

Following initiation of ESG & impact due diligence for a specific investment, the ESG & Impact team define jointly with the Front Office how the proceeds from the investment will be used and how this contributes to the impact fund's *Theory of Change*, as well as the relevant impact mechanism issued from Rivage's Impact Toolbox depending on contextual factors and opportunities (see details below in Principle 3).

Engagement occurs between the Borrower and relevant stakeholders to select suitable impact metrics. Quantitative and qualitative impact targets are set, along with a timeline for achieving these i targets.

A quarterly ESG & Impact Steering Committee monitors the implementation of impact objectives at both Investment and Fund level. This monitoring is tied to the provisioning of impact-linked fund performance fees which ensure alignment of interests between the fund manager and the fund investors.

Consolidated annual reporting is conducted for investors, detailing impact delivery at both investment and fund levels. It includes a cross-investment impact assessment of Borrower's impact metrics as well as ESG Risk KPIs.

Finally, impact integrated in the discretionary criteria considered in variable compensation schemes as a mechanism for incentivizing impact performance amongst staff, as described in the Company's Remuneration Policy.

This system ensures a structured, measurable, and accountable approach to managing impact-driven investments.

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.

Rivage's specific contribution to the achievement of impact (or Rivage's "additionality") is evidenced by implementation of all potential impact mechanisms described above in the impact toolbox (see Principle 2). Beyond financial contributions, the Company seeks to provide a specific additional contribution to impact generation through either a transformation of the Borrowers' understanding and management of sustainability-linked issues, an amplification of the Borrowers' positive impacts linked to their activity through additional funding of non-profit organizations or the provision of tools allowing for further integration of sustainability factors in their activities.

Specific contributions are formalized through impact covenants or side letters which describe the operational mechanisms creating incentives for borrowers to implement impact-related objectives. These mechanisms constitute Rivage's Impact Toolbox from which the Company can pick depending on the investment context and the fund strategy:

Impact Strategy	Rivage Impact Toolbox					
	Sustainability-linked Coupons: adjustment of interest rates based on achievement of impact targets	Contractual obligations to implement **impact management procedures** (supply chain mapping, biodiversity impact management systems)	Contractual obligations to produce **ESG policies** on specific issues (physical climate risks, circular economy...)	Contractual obligations to implement **decarbonization or avoided emissions targets** at Borrower level	**Share of expert sustainability-linked data and tools with Borrowers** to improve impact management (resiliency to physical climate risks, avoided emissions steering dashboard, carbon footprints...)	Partial **allocation of interest rates to social-impact NGO financings**
Senior Infra	✓	✓	✓	✓	✓	
High Yield Infra	✓	✓	✓	✓	✓	
Climate Solutions		✓	✓	✓	✓	
Public Sector	✓					✓

Source: Rivage Investment

Developing these approaches through engagement ensures that the Company establishes itself as a positive driver with a unique perspective on empowering its investments to catalyze their positive influence on solving global environmental and social issues.

The ESG & Impact quarterly meeting is designed to monitor the outcomes of the targeted contribution effort. Deviation from planned impact leads to the implementation of the escalation policy described in the Company's Engagement Policy.

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 investment's 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 best practice

All investments undergoing due diligence within the Disclosure Statement are assessed using the 5 dimensions of Impact Framework provided by the Impact Frontiers project:

- **WHAT**: Understanding the outcomes the enterprise is contributing to and how important the outcomes are to stakeholders.
- **WHO**: Understanding which stakeholders are experiencing the effect and how underserved they were prior to the enterprise's effect.

- **HOW MUCH**: Understanding how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced the outcome for.

- **CONTRIBUTION**: Assessing whether an enterprise's efforts resulted in outcomes that were likely better than what would have occurred otherwise. For each impact theme, the Company selected relevant metrics which allow for assessment of the funds' potential impact using the IRIS+ system which provides a core impact metrics set.

- **RISK:** Assessing the likelihood that impact will be different than expected.

We use the IRIS+ Impact Measurement and Management System to help us define relevant theory of change and related KPIs.

Due diligence commences with simulations to evaluate the alignment of investments with the fund's impact targets (especially regarding EU Taxonomy alignment and Implicit Temperature Rise at Fund level).

Next, investments are assessed against the Impact Frontiers' 5 Dimensions of Impact by the ESG & Impact analyst as part of the ESG & Impact Due Diligence.

Then, relevant impact metrics, engagement initiatives and qualitative targets are defined for tracking during the holding period jointly between the ESG & Impact Analyst and the Front Office. Findings from the due diligence are consolidated into an ESG grid and presented at the Investment Committee (IC).

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.

- ### Infrastructure & Climate Solutions Debt

Regarding infrastructure debt funds, the integration of ESG factors in risk analyses is based on the selection of ESG indicators presenting high materiality for the Company and its stakeholders (clients, regulator, financed entities, etc.).
Potential investments are first screened against the Company's exclusion criteria which targets several sectors detailed in its Sustainability Risk Policy available on its website.

Accordingly, the criteria used in the ESG assessment 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 (including GHG footprint)
E	Biodiversity footprint
E/S	Alignment with the European Taxonomy
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

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. A risk indicator rated “3” indicates a strong negative signal to the Investment Committee which is taken into account in the investment decision.

EU Taxonomy Alignment and SFDR sustainability checks each present a specific “Do No Significant Harm” (or DNSH) assessment which seeks to monitor (at least annually) and manage potential negative impacts induced by borrowers’ economic activities. In both ESG due diligence and monitoring processes, the Principal Adverse Impacts (“PAI”) on ESG factors are assessed and compared against internal benchmarks.

These benchmarks were constituted through the collection of past investments individual performance on each PAI, public data, regulatory requirements as well as both qualitative and quantitative assessments to determine sustainability thresholds on each data point. 14 mandatory PAI indicators, as well as 2 additional PAI indicators are covered, as detailed below:

PAI Indicator	Unit
GHG emissions Scope 1,2,3	TCO2e
Carbon footprint	TCO2/M€ invested
GHG intensity of investee companies	TCO2/M€ Turnover
Exposure to companies active in the fossil fuel sector	%
Share of non-renewable energy consumption and production	%
Energy consumption intensity per high impact climate sector	GWh/M€ Turnover
Activities negatively affecting biodiversity-sensitive areas	Proximity to Natura 2000 areas without relevant mitigation of impacts
Emissions to water	T/M€ invested
Hazardous waste and radioactive waste ratio	T/M€ invested
Violations of UN Global Compact Principles and OECD Guidelines	Global Compact or OECD Guidelines infringement-related controversy rated 3 internally involving investee
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
Unadjusted gender pay gap	% gap
Board gender diversity	% Board members
Exposure to controversial weapons	% Turnover
Additional PAI Indicator	Unit
Exposure to areas of high-water stress	Number of sites located in areas of high water stress without a water management policy or mitigation measures
Number of convictions and amount of fines for violation of anti-corruption and antibribery laws	Numbers of convictions and amount of fines

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 14 mandatory PAI, and 2 additional PAI indicators listed above is assessed in a systematic manner for each investment opportunity. When possible or relevant, PAI indicators are assessed based on current performance obtained from borrowers' operational reports. When the PAI indicators is deemed relevant for the activity (materiality assessment), any overshot on the PAI indicators' sustainability threshold leads to an in-depth qualitative analysis to confirm or infirm significant harm of the investment.

A negative outcome on the DNSH assessment for a material PAI indicator leads to a negative sustainability assessment of the borrower which leads to exclusion from the Funds' investment universes for impact and "Article 9 funds[5].

Additional details can be found in the relevant sections of our Sustainability Risk Policy available on the company website[6]**.**

[5] Expression "Article 9 funds" refers to funds categorized as Article 9 as per Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

[6] https://www.rivageinvestment.com/wp-content/uploads/2024/06/24-0628-rivage-investment-sustainability-policy-v2.7-en.pdf

- Public Sector Debt

While the lack of sufficient harmonized disclosures from public sector entities renders the approach described in the previous section inoperable, Principal Adverse Impact of public sector entities' activities on sustainability factors are taken into consideration through the systematic analysis, prior to any investment, of controversies linked to E, S and G themes. The conclusions of this analysis are submitted to the Investment Committee, which incorporates them into its decision-making process.

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.

Within the Infrastructure & Climate Solutions private debt universes, investments can vary in size and ESG & impact capabilities. To monitor each investment's progress while taking these elements into consideration, progress at investment-level is monitored quarterly through data collection via ESG questionnaires and borrower documentation disclosures. The questionnaires will seek to collect asset-specific documentation (supply chain disclosures, implementation of climate risk mitigation measures, activity data allowing for Paris Agreement alignment measure, etc…) while borrower disclosures will focus on ESG risk and impact management policies and procedures evidencing impact delivery.

For KPIs such as Avoided Emissions or the Implicit Temperature Rise indicator measuring alignment with Paris Agreement targets, data collected annually from borrowers is then shared with expert ESG data providers who use disclosures to measure impact indicators such as the Implicit Temperature Rise and Avoided / Added emissions indicators calculated by the advisory firm Carbone 4.

Regarding public sector impact debt, data is collected through disclosures from both borrowers (on agreed-upon monitoring impact KPIs) as well as NGOs for relevant investments.

Progress on engagement targets (linked to ESG covenants) is also monitored by Rivage's ESG & Impact Steering Committee on a quarterly basis (reported annually), based on documentation disclosed by borrowers who have to evidence impact objectives' implementation. Sources can also include documentation disclosed by project suppliers collected directly by borrowers and subsequently disclosed to the Company.

The Middle office team is in charge of monitoring timely disclosures linked to ESG covenants engagements. The ESG team is informed in case of a breach of said engagements.

On a quarterly basis, the ESG & Impact Steering Committee tracks progress against impact objectives at fund and investment level.

Annual impact reports at fund-level capture investment outcomes constituted by the short-term and medium-term effects of an investment's outputs (products, capital goods, and services resulting from the investment).

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

In private debt investments, exits are generally less important compared to private equity investments due to the fundamental differences in their structures and objectives. Debt investments are typically tied to a fixed maturity date, where the borrower is obligated to repay the debt at a predetermined time.

If the debt interest and principal are repaid, and the contractual covenants complied with, the Company has no control over the Borrower's operations. This results in a lack of relevance of determining specific policies linked to exits within all private debt strategies.

In the event of an impact covenant breach evidencing the investment is no longer expected to achieve its intended impacts, the ESG & Impact Steering Committee reports to the Investment Committee which determines the appropriate response, ranging from direct engagement with Borrower management, exclusion of the Borrower from the investment universe to early divesting and early amortization, among others.

These procedures are varied and gradual and are analyzed on a case-by-case basis, in collaboration with the management teams.

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.

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. Additionally, the Company will review the ESG performance of each investment. Insights gained from these reviews will be incorporated into our future impact fund management practices.

Principle 9: Publicly disclose alignment with the Impact 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 Impact 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.

The implementation of the Impact Policy and compliance of impact funds at December 31st 2023 will undergo external verification by the end of year 2024 and each subsequent year on an annual basis. The results of this external review conducted by BlueMark PBC[7] in 2024 based on data from 31st December 2023. Its results will be disclosed publicly on the Company's website.

Verification will cover the Company's Impact measurement and management system at Company level as well as its implementation at Fund level for all of Rivage's impact funds.

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[7] https://bluemark.co/contact/, *915-2 BATTERY STREET, SUITE 3SAN FRANCISCO CA 94111, USA*