



2019 ESG Report
Outlook for 2020

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Warning

RGREEN INVEST has updated its ESG policy (on Environmental, Social and Governance matters) to make it more effective. The company uses several labels and certifications, which it implements for all or some of the funds it manages. The aim of this report is to meet the reporting requirements set out in Article 173 of the French Act on energy transition and green growth, in pursuance of the provisions of French decree no. 2015-1850 of 29 December 2015 on communication about “how investment policies take criteria on compliance with environmental, social and governance (ESG) goals into account and the resources employed to contribute to the transition to green energy sources”.

This is not a marketing document. Its aim is to present the management company’s work in 2019 and the ESG outlook for 2020. Upon request, the RGREEN INVEST contacts listed below can provide you with additional documents on the management company and its funds. The funds RGREEN INVEST manages are open only to professional investors.

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This ESG report presents the work we have accomplished in 2019 in the context of our Environmental, Social and Governance criteria and our vision for 2020 focusing on the environment. Transitioning to climate-conscious energy sources entails constraints, which we strive to control, limit and provide a framework for. We take a smart, non-dogmatic approach so as to make the right investments for the future.

RGREEN INVEST is a management company regulated by the French financial markets authority (AMF) and a pioneer in financing renewable energy infrastructure. We commit to operating responsibly and sustainably and to reporting on our operations.

We invest in companies whose primary aim is to acquire, finance, build and operate infrastructure projects that contribute to the green energy transition. Our projects are mostly located in the European Economic Area and aim not only to produce renewable energy (through wind, solar, biogas, biomass, geothermal and other forms of energy generation), but also to develop related technologies (for example energy storage, network stabilisation, smart grids, energy efficiency, waste-to-energy technology, waste and wastewater processing and recycling and other technologies) and to develop logistics platforms and infrastructure connected to environmental and climate change (reduction of CO₂ emissions and optimal use of natural resources).

Our choice to help drive the environmental and climate-focused transition is our commitment to a sustainable, responsible energy system. This is how we want to create value for both our investors and the community, while ensuring that our investments help reach the objectives set by the Paris Agreement reached at COP 21 in 2015 and reaffirmed by COP 24 and COP 25 in 2018 and 2019.

We are fully convinced that this transition is a considerable opportunity to further sustainable development and economic progress, beyond combating climate change. Alongside our IPP (Independent Power Producers), project developer, operator and industrial partners, our investments make it possible to avoid CO₂ emissions by fostering cleaner, more local energy, to develop energy-saving capabilities and to stimulate economic growth and community resilience.

We strive to be a partner worthy of trust for our investors, our IPP and project developer partners and of course our employees, who are our most valuable resource. Lastly, we commit to our stakeholders that we will promote responsible investment practices. Our ambition is to set an example by acting as a leading responsible investor.

We are a constantly evolving management company, placing our values and corporate culture at the heart of the relationships we create and the decisions we make.

Nicolas Rochon, Founder & Managing Partner



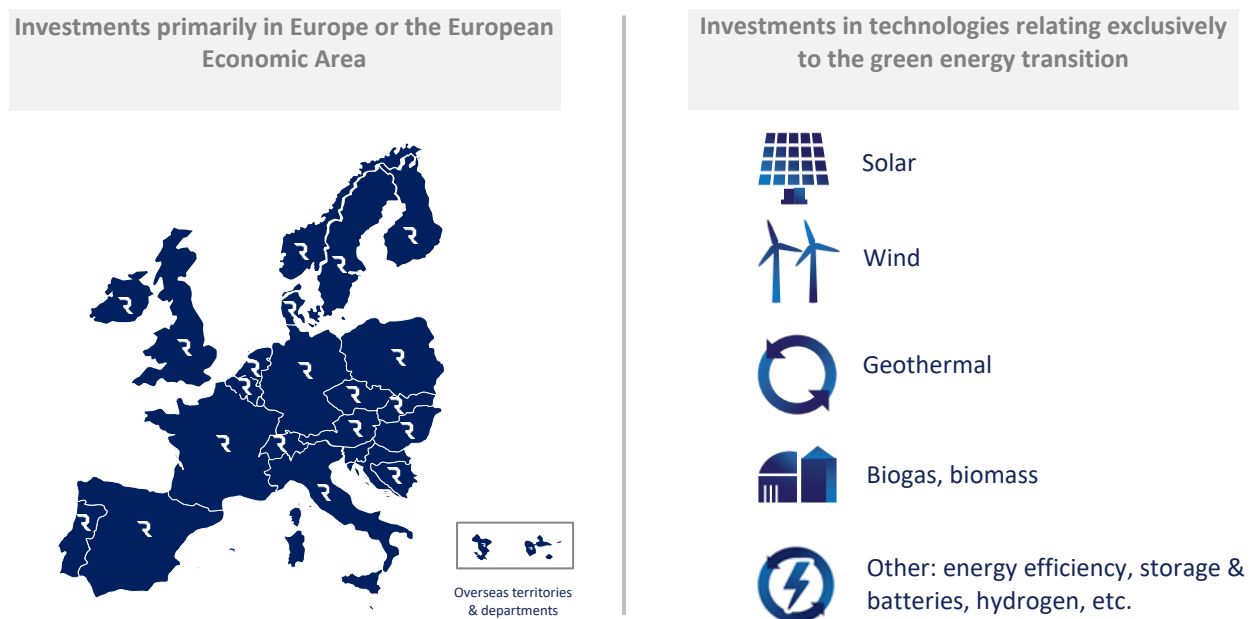
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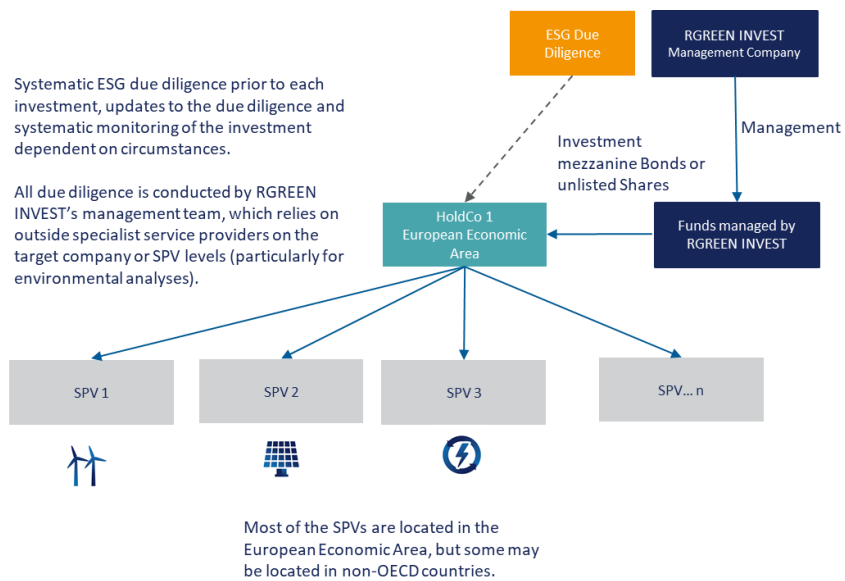
I. RGREEN INVEST – Management company

RGREEN INVEST is a French management company founded in 2013 and approved by the French financial markets authority (or AMF) in 2015. Our objective is to support the growth and development of projects connected to energy transition primarily within the European Economic Area. Our team is made up of some 20 seasoned professionals with backgrounds in fund management, the renewable energy industry and investment banking.

Investors in the funds RGREEN INVEST manages are mainly French institutional investors (insurers and mutual societies, retirement funds, funds of funds, pension funds, etc.) and European institutional investors, such as the European Investment Bank (EIB).



Standard investment scheme implemented in most cases*



*This scheme is not exclusive but does represent a majority of the investments RGREEN INVEST has made.

Our investment strategies

INFRAGREEN STRATEGIES

INFRAGREEN strategies are used to support our partners’ long-term equity and quasi-equity requirements (bonds and convertible bonds). Snapshot from late April 2020.

<p style="text-align: center;">INFRAGREEN I EQUITY / JUNIOR DEBT 2013 €96 M invested</p> <p>FPCI investing primarily in quasi-equity (Bonds and Convertible Bonds) in greenfield or construction-phase renewable energy infrastructure projects in France.</p> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> 400 14 </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> MW FINANCED DEVELOPERS FUNDED </div>	<p style="text-align: center;">INFRAGREEN II JUNIOR DEBT 2015 €167 M invested</p> <p>French securitization fund (FCT) investing in private debt in renewable energy infrastructure projects that enable French partners to expand in Europe.</p> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> 650 13 </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> MW FINANCED DEVELOPERS FUNDED </div>	<p style="text-align: center;">INFRAGREEN III EQUITY / JUNIOR DEBT 2017 €300 M invested</p> <p>FPCI investing in equity or quasi-equity in infrastructure projects that contribute to the transition to green energy, primarily greenfield or construction-phase projects in the European Economic Area.</p> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> 500 17 </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> MW FINANCED DEVELOPERS FUNDED </div> <div style="text-align: center; margin-top: 10px;"> </div>	<p style="text-align: center;">INFRAGREEN IV EQUITY / JUNIOR DEBT 2019 €500 M target</p> <p>French LP investing in equity or quasi-equity in infrastructure projects that contribute to the transition to green energy, primarily greenfield or construction-phase projects in the European Economic Area.</p> <div style="text-align: center; margin-top: 20px;"> <p>IN FUNDRAISING PHASE</p> <p>IN INVESTMENT PHASE</p> </div>
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NOUVELLES ENERGIES STRATEGIES

NOUVELLES ENERGIES strategies enable our partners to build their projects more quickly through the use of short-term senior debt and to receive long-term bank financing following that bridge financing. Snapshot from late April 2020.

<p style="text-align: center;">NOUVELLES ENERGIES I SENIOR DEBT 2018 €139 M invested</p> <p>French securitization fund (FCT) specialising in short-term senior debt (bridge financing) dedicated to the transition to green energy, particularly to finance the construction of renewable energy infrastructure.</p> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> 420 11 </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> MW FINANCED DEVELOPERS FUNDED </div>	<p style="text-align: center;">NOUVELLES ENERGIES II SENIOR DEBT 2019 €171 M to be invested</p> <p>French alternative investment fund (FPS) specialising in short-term senior debt (bridge financing) dedicated to the transition to green energy, particularly to finance the construction of renewable energy infrastructure.</p> <div style="text-align: center; margin-top: 20px;"> <p>IN INVESTMENT PHASE</p> </div>
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The funds RGREEN INVEST manages are open only to professional investors.
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II. Investments worth making

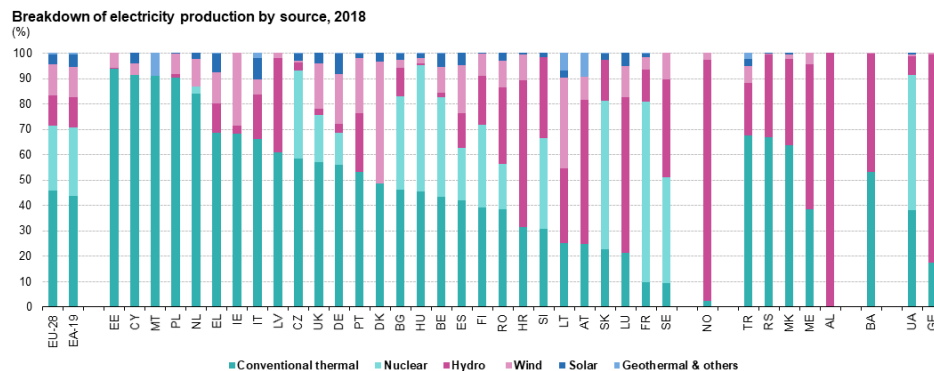
RGREEN INVEST's investment philosophy is above all based on an environmental approach. Investments target infrastructure projects which further the energy transition.

ELECTRICITY PRODUCTION AND STORAGE

RGREEN INVEST primarily invests in the European Economic Area. As part of our target investment universe, RGREEN INVEST's team observes zones demonstrating a specific interest, particularly from the standpoint of each country's energy mix. Opportunities naturally emerge where countries show an energy mix that is closely linked to coal and fossil fuels. From a non-financial standpoint, we can list European zones showing a special scope of opportunity (non-exhaustive list, provided only as an example):

- Countries showing an energy mix closely linked to coal: for example Poland, the Czech Republic and the Netherlands, etc.
- Countries or zones showing an energy mix closely linked to oil or gas: for example Italy, Spain, Belgium, France's overseas departments and territories (DOM/TOM), etc.

Figure 1 – Electrical power mix in Europe (Source: Eurostat 2018)



Countries or zones suitable for renewable energy development also represent an opportunity that can vary depending, among other factors, on the technologies that can be used to date (RGREEN INVEST mainly finances technologies classified TRL9 / Technology Readiness Level). We can conceptualize a macro view by taking various parameters into account, in particular:

- The type of climate,
- The existing technologies adapted to that climate,
- The kind of economy the country has and its outlook,
- The energy mix,
- The local electricity rate support system: bidding processes for electricity rates, feed-in tariff (FIT) potentially with a premium, Contracts for Difference (CFDs), Green Certificates,
- Access to corporate Power Purchase Agreements (PPAs),
- Spot prices for electricity,
- The type of electricity grid,
- The currency used, etc.

OTHER TYPES OF INVESTMENTS

In addition to the electricity production sector, RGREEN INVEST may also invest in growth areas of environmental interest. This is the case of Power-to-Gas, a promising solution making it possible to, for example, transform the electricity produced by renewable energies into hydrogen gas by water electrolysis (among other examples). Low-carbon hydrogen can also be an energy source for green mobility. RGREEN INVEST has also invested in several energy-efficiency projects.

INVESTMENTS BY TECHNOLOGY – OUTLOOK FOR 2020

The types of investments possible depend on geography, the target technology and the electrical energy mix of the country in question. It is important to note that the table below reflects the opportunities from RGREEN INVEST's standpoint, taking into particular account our current project finance capacity and our knowledge and expertise on the market.

Table 1 – Target technologies, with a vision for 2020*

Type of investment			
	No investment	Prospective	Routine
Ground-based photovoltaic			
Roof- or shade structure-based photovoltaic			
Thermal solar			
Onshore wind farm			
Near-shore wind farm			
Offshore or floating wind farm			
Small hydroelectric facilities			
Major hydroelectric facilities			
Medium or deep geothermal			
Methanization			
Biomass			
Hydrogen			
Batteries			
Mobility			
Climate change-related agriculture			
Other solutions			

**Source: RGREEN INVEST / Please note that RGREEN INVEST reserves the option of investing in all the technologies presented here, depending on its licences with the regulator and its funds' investment strategies.*

COAL, FOSSIL FUEL AND NUCLEAR POLICY

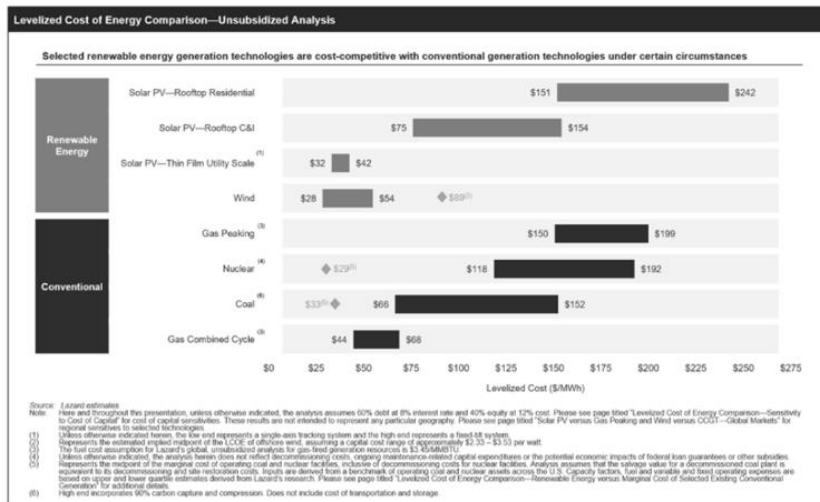
RGREEN INVEST does not make investments in the extraction, production or use of fossil fuels (coal, oil, natural gas) or in nuclear power. However, some projects can be considered, such as converting thermal power plants (via technologies or processes using black pellets, biofuels or methanization, for example). Likewise, for example, hydrogen projects that phase in the use of biomethane instead of natural gas are also examined.

Our philosophy is centred around whether projects are effective, smart and practical.

TARGET TECHNOLOGY POTENTIAL AS A FUNCTION OF THE LCOE

LCOE stands for Levelized Cost of Energy. It measures the total cost of a form of energy (electricity in most cases) over the lifespan of the equipment that produces it. The LCOE is a meaningful indicator of a technology’s advisability. We have presented below the LCOE calculated by Lazard and published in early 2020. The LCOE can also serve as an indicator to assess the environmental potential of a given technology.

Figure 2 – LCOE 2019 by type of energy – Full costs



Source: Lazard <https://www.lazard.com/perspective/lcoe2019>

PROJECT SIZE AND SIZE OF INVESTMENTS BY RGREEN INVEST

Investment opportunities and strategies do not necessarily depend on the size of the projects / SPVs or on the size of the interests taken by the project developers. **At this stage, RGREEN INVEST finances small- and medium-sized projects and the disturbance they cause may differ from that caused by major projects.** Up to now, the management company has not invested in large-scale industrial projects (as one can see in the North Sea offshore wind farm, for example) but reserves the option of doing so if the financial and non-financial conditions (in particular compliance with our ESG obligations) are met.

Table 2 – Anticipated project or investment size in 2020 for RGREEN INVEST*

Type of investment	N/A	+	++	+++
	No investment	Less likely (case-by-case)	Probable	Highly probable

	Size of projects SPV**	Size of investments
<€1 M	N/A	N/A
€1 M	N/A	+
€5 M	+	++
€10 M	++	+++
€30 M	+++	+++
€50 M	+++	+++
€100 M	+++	++
>€500 M	+++	N/A

*Source: RGREEN INVEST / Please note that RGREEN INVEST reserves the option of investing in projects of a wide variety of sizes.
 **SPV: Special Purpose Vehicle, i.e. a project company incorporated on an ad hoc basis.

III. The ESG risks we anticipate

Producing electricity, heat or energy in general, poses specific risks to the environment. These risks are thus the largest potential problem areas for RGREEN INVEST from an ESG standpoint. We have therefore worked to identify critical areas using a matrix, breaking them down by technology.

Each technology is associated with various risks to the ecosystem it interacts with, and these risks are essential criteria taken into consideration when investments are made. The following table presents RGREEN INVEST's understanding of the negative externalities expected by technology in 2020.

Table 3 – Primary types of environmental risks by technology (not exhaustive)*

Estimated level of risk						
	No major risks	Existing risk		High risk	Special risk	
	People and Heritage sites	Animals	Plants	Dismantling & Recycling	CO ₂ or CH ₄ emissions	Other
Ground-based photovoltaic	Risk of non-acceptance Site remediation	Habitat loss	Deforestation / Competition with agriculture	Simple: full recycling chain	Imported panels (from outside Europe) Aluminium	Use of rare-earth elements
Roof- or shade structure-based photovoltaic	Fire Roof refurbishment		Only adding PV on existing building	Simple: full recycling chain	Imported panels (from outside Europe) Aluminium	Use of rare-earth elements
Thermal solar	Risk of non-acceptance Site remediation	Habitat loss	Deforestation / Competition with agriculture	Rather complex	Imported parts (from outside Europe)	
Onshore wind farm	Risk of non-acceptance Site remediation Wind turbine noise	Risk to birds and chiropterans	Localized use of subsoil (piles)	High recycling cost: blades difficult to recycle	Imported parts (from outside Europe)	Use of rare-earth elements
Near-shore wind farm	Risk of non-acceptance Site remediation Wind turbine noise	Risk to birds and chiropterans	Localized use of subsoil (piles)	High recycling cost: blades difficult to recycle, problem of sea foundations	Imported parts (from outside Europe)	Use of rare-earth elements
Offshore or floating wind farm**	Risk of non-acceptance Site remediation Fishing zones	Risk to birds and chiropterans	Localized use of subsoil (piles)	High recycling cost: blades difficult to recycle, problem of sea foundations	Imported parts (from outside Europe)	Use of rare-earth elements
Small hydroelectric facilities		Habitat loss and destruction / Fishways necessary	Immersion of plants	High cost and blasting works		
Major hydroelectric facilities**	Expropriations / Dam breaks	Habitat loss and destruction	Immersion of plants	High cost and blasting works		
Medium or deep geothermal**	Earthquake risk			Rather complex		Risk to ground water
Methanization	Risk of non-acceptance Odour (controlled, using procedures) Site remediation	On-site habitat destruction / Power station's coverage	On-site destruction and pollution / Power station's coverage	Rather complex	CH ₄ and H ₂ S emissions risk Supplies must come from far away	Operational risk of explosion

(Cont.)	People and Heritage sites	Animals	Plants	Dismantling & Recycling	Emission of CO ₂ or CH ₄	Other
Biomass	Risk of non-acceptance	On-site habitat destruction / Power station's coverage	Forest destruction – Sustainable forest management necessary	Rather complex	Discharge of carbon and local pollution Supplies must come from far away	Discharge of fine particulate matter
Hydrogen		On-site habitat destruction / Power station's coverage	On-site destruction and pollution / Power station's coverage	Rather complex	CO ₂ cost varies depending on the technology used (green, blue or grey hydrogen)	Water purification necessary
Batteries		On-site habitat destruction / Power station's coverage	On-site destruction and pollution / Power station's coverage	Rather complex	CO ₂ cost varies depending on the technology used	Use of rare-earth elements

*Source: RGREEN INVEST, primary risks identified in potential investments or those RGREEN INVEST has made. This list is not exhaustive but seeks to present the most significant risks (irrespective of the technologies specific to each manufacturer).

**Up to now, RGREEN INVEST has had no or little exposure to this kind of technology.

FOCUS ON RARE-EARTH ELEMENTS / METALS

Some projects RGREEN INVEST finances use rare-earth elements or metals. In this connection, the management company has taken its position based on the understanding of the ADEME (French environment and energy control agency) set out in a specific publication on this subject in November 2019. On the whole, the risk relating to rare-earth elements pertains above all to offshore wind farms, on which RGREEN INVEST is not positioned for the time being.

Table 4 – Risks relating to rare metals by technology (snapshot of the market in France)*

Estimated level of risk	No major risk	Existing risk	High risk	Special risk
Technology	Rare metals or rare-earth elements potentially used			
Photovoltaic	80-90% of the PV market: No rare-earth elements, silicon 10-20% of the PV market: “Thin-film” technology (a-Si, CIGS, CDTE) uses tellurium, cadmium and indium, which are not rare-earth elements but “critical”. Potential uses of germanium (strategic rare metal) and gallium			
Onshore wind farm	97% of the wind farm market: No rare-earth elements 3% of the wind farm market (permanent magnet wind turbines): neodymium – praseodymium, dysprosium			
Near-shore, offshore** or floating** wind farm	Concerns 100% of the wind turbine market: neodymium – praseodymium, dysprosium 6% of worldwide annual neodymium production Outlook on the world market: 30% of annual dysprosium production			
Batteries and energy storage	The most widely deployed technologies in the use of renewable energy storage today are Lithium-ion (Li-ion), sodium-sulphur (NaS) and lead-acid (PbA) batteries. Rare-earth elements are not used, or only in very small quantities (possibly as an additive) in the batteries' composition. Among widely used batteries, only nickel-metal hydride (NiMH) batteries contain a rare-earth alloy on the cathode, but their use will remain quite marginal for energy transition purposes.			

*Source: ADEME, data compiled and supplemented by RGREEN INVEST: primary risks identified in potential investments or those RGREEN INVEST has made. <https://www.ademe.fr/terres-rares-energies-renouvelables-stockage-denergies>

**Up to now, RGREEN INVEST has had no or little exposure to this kind of technology.

ADEME analysis from November 2019 on rare-earth elements

<https://www.ademe.fr/sites/default/files/assets/documents/fiche-technique-terres-rares-energie-renouvelable-stockage-energie-2019.pdf>

“Renewable energies, for the most part, do not use rare-earth elements. Rare-earth element consumption in this sector lies mainly in the use of permanent magnets for some wind turbine market segments (mostly for sea-based wind turbines), currently a small segment but growing fast. To our knowledge, no other renewable energy conversion technology uses rare-earth elements to any meaningful extent.

The photovoltaic solar technologies currently on the market do not use rare-earth elements. Some use metals which may be critical, such as tellurium, cadmium, indium or silver, but these are not rare-earth elements. “Thin-film” technologies that do use tellurium, cadmium and indium account for a small minority of products on the photovoltaic market, whereas technologies using silicon (which is neither a rare-earth element, nor a critical material in terms of supply risk while of high strategic importance to French industry) account for 80 to 90% of the market.

Wind turbines produce power via an alternator, which can be a synchronous or asynchronous generator. Synchronous permanent magnet generators, or PMGs, appeared in the 2000s to improve conversion yields, reduce maintenance requirements and weight, and prolong system lifespan, among other reasons. **Only permanent magnet wind turbines use rare-earth elements.**

(...) Permanent magnet wind turbines are, however, little used in land-based wind farms in France (about 3% of land-based wind farms in 2018), which market makes up substantially all of French wind farm development. An estimate of the amount of permanent magnets necessary for all French wind turbines installed as of late 2018 (14.3 GW, land-based and offshore), according to the composition stated above and for 3% of installations, comes to 213 tonnes, which accounts for a total quantity of about 70 tonnes of neodymium and 13 tonnes of dysprosium, i.e. in total less than 1.5% of the worldwide annual market for each of those elements.

(...) Analysis of the market of turbines to come for land-based wind farms, which will use rotors of diameters greater than 130 m and unit capacities greater than 4 MW, does not show a significantly higher need for permanent magnets. Indeed, manufacturers predicted this issue after the surge in prices for dysprosium in 2011 by offering more conventional technologies even on the most powerful machines. Furthermore, manufacturers having developed permanent-magnet technologies also offer conventional technologies in their catalogues (such as Siemens Gamesa). The issue with using permanent magnets has therefore been taken fully into account by manufacturers. So it is not a critical issue for land-based wind farms.

(...) In this context, it does not seem that the potential for tensions over supplies of rare-earth elements will necessarily compromise wind energy development, in particular as alternative technologies exist for electrical generators (asynchronous generators or synchronous generators without permanent magnets):

- For land-based wind turbines, no major change in the structure of French wind farm equipment is planned for the coming years, and permanent magnets are expected to remain little used.

- For sea-based wind turbines, given the low tonnage of permanent magnets compared to the total materials used in the machines, the machines’ cost depends little on the cost of rare-earth elements. The current substitution solutions would above all have an effect on the turbine’s mass which would lead to higher structural costs (tower, foundation or floater). For very high power levels, other technological innovations (superconducting windings) are expected to take over from current technologies.

SOCIAL AND GOVERNANCE RISKS

The management company keeps track of social and governance risks, which are key factors in decision-making. Risks are verified during the due diligence process and as the investment is monitored.

Table 5 – Main kinds of social and governance risks depending on project location*

Estimated level of risk					
	No verification	Verification	Careful verification	Enhanced verification	
	Populations	Local jobs	Employees and subcontractors	Gender equality	Governance
France or European Economic Area (EEA)	Disturbance Expropriations	Loss of local jobs due to the project	Poor management or mismanagement of employees	Non-compliance with gender equality measures	ML-FT risk*** Risk of conflicts of interest Corruption risk
OECD	Disturbance Expropriations	Loss of local jobs due to the project	Poor management or mismanagement of employees	Non-compliance with gender equality measures	ML-FT risk*** Risk of conflicts of interest Corruption risk
Outside OECD	Disturbance Expropriations Risk of uncertain legal challenges	Loss of local jobs due to the project	Poor management or mismanagement of employees	Non-compliance with gender equality measures	ML-FT risk*** Risk of conflicts of interest Corruption risk
FATF* (& other lists) risk	Disturbance Expropriations Risk of uncertain legal challenges	Loss of local jobs due to the project	Poor management or mismanagement of employees	Non-compliance with gender equality measures	ML-FT risk*** Risk of conflicts of interest Corruption risk

*Source: RGREEN INVEST, primary risks identified in potential investments or those RGREEN INVEST has made. This list is not exhaustive but seeks to present the most significant risks.

**FATF: Financial Action Task Force, which identifies the countries the most at risk in terms of money laundering and the financing of terrorism <https://www.fatf-qaft.org/fr/>. RGREEN INVEST considers those countries to entail high political risks, which could involve social and governance risks.

***ML-FT: Money Laundering and Financing of Terrorism

IV. A consistent ESG approach

Integrating ESG criteria into investment decisions enables us to better support our renewable energy partners, IPPs, project developers and producers, by identifying issues that come with short-, medium- and long-term risks. In our ongoing ESG approach and in line with our investors’ expectations, RGREEN INVEST institutionalised a Responsible Investment Policy aligned with the six Principles for Responsible Investment (PRI) and implemented an Environmental and Social Management System (ESMS) in late 2018. The aim of this ESMS, which aligns with European Investment Bank environmental, social and governance standards, is to set out guidelines for the operational implementation of RGREEN INVEST’s responsible investor commitments.

The ESMS provides the guiding principles RGREEN INVEST follows to:

- Analyse any ESG issues that investment targets and investments have and set up action plans,
- Bring investments into compliance with ESG commitments during the holding period, in particular:
 - Monitoring the investments’ mitigation of their environmental and social impacts, in compliance with applicable legal and regulatory frameworks,
 - Encouraging investments to build on their positive impact on the environment, their employees and the company.

RGREEN INVEST’s implementation of the ESMS draws on a systematic analysis of the ESG risks and opportunities and also covers the investments’ supply chains. RGREEN INVEST’s Partners and Investment Directors are responsible for that analysis. Implementing the ESMS leads to drafting systematic due diligence covering the risks and opportunities associated with the investment’s operations. Analyses of the due diligence will draw on the project documents and comprehensive dialogue with the project’s stakeholders. Those analyses will serve as a basis for the design and follow-up of an ESG action plan. The investment will be entrusted with setting that action plan up.

ESG considerations govern the investment and investment monitoring process (see table below). RGREEN INVEST’s ESG Officer is responsible for compliance with this process.



*Items RGREEN INVEST is in the process of setting up in 2020.

V. ESG risk control and supervision

When each investment is made, the due diligence enables us to monitor a series of points. Please note that these points will differ depending on the type of technology used, where the project is located, the project's stage of development, etc. RGREEN INVEST agrees today to conduct a series of verifications presented in the tables below.

On the Environmental part, depending on the technology installed, different verification processes will be carried out as part of pre-investment due diligence. Monitoring is then conducted as part of the investment's follow-up.

Table 6 – Main due diligence obligations for each investment by technology*

Required level of attention						
	No verification	Verification		Careful verification	Enhanced verification	
	Planning permission & concession verification	Environmental impact analysis	Special mechanisms required	Public consultation	Calculation of CO₂ saved	Dismantling and recycling provision
Ground-based PV	Variable**	Variable**		Variable**	Systematic	Variable**
Roof-based PV	Variable**			Variable**	Systematic	Variable**
Thermal solar	Variable**	Variable**		Variable**	Systematic	Variable**
Onshore wind farm	Systematic	Mandatory	Bird protection	Variable**	Systematic	Variable**
Near-shore wind farm	Systematic	Mandatory	Bird protection	Variable**	Systematic	Variable**
Offshore or floating wind farm	Systematic	Mandatory & enhanced	Bird protection	Variable**	Systematic	Variable**
Small hydroelectric facility	Systematic	Mandatory	Fishways	Variable**	Systematic	Variable**
Major hydroelectric facility	Systematic	Mandatory & enhanced	Fishways	Variable**	Systematic	Variable**
Shallow geothermal	Systematic			Variable**	Systematic	Variable**
Medium geothermal	Systematic	Mandatory		Variable**	Systematic	Variable**
Deep geothermal	Systematic	Mandatory & enhanced		Variable**	Systematic	Variable**
Methanization	Systematic	Variable**		Variable**	Systematic	Variable**
Biomass	Systematic	Mandatory		Variable**	Systematic	Variable**
Hydrogen	Variable**	Mandatory	CO ₂ risk	Variable**	Systematic	Variable**
Batteries	Variable**	Mandatory	CO ₂ risk	Variable**	Systematic	Variable**
Location						
EEA	Systematic	Variable**		Variable**	Systematic	Variable**
OECD	Systematic	Variable**		Variable**	Systematic	Variable**
Outside OECD	Systematic	Variable**		Variable**	Systematic	Variable**
FATF & other lists	Systematic	Special attention		Variable**	Systematic	Variable**
Type of project						
Early greenfield		Variable**	Site standards	Variable**	Systematic	Variable**
Greenfield RTB	Variable**	Variable**	Site standards	Variable**	Systematic	Variable**
Brownfield	Variable**	Variable**		Variable**	Systematic	Variable**
Repowering	Variable**	Variable**	Site standards	Variable**	Systematic	Variable**
Type of financial instrument						
Bond	Variable**	Variable**		Variable**	Systematic	Variable**
Convertible bond	Variable**	Variable**		Variable**	Systematic	Variable**
Share	Systematic	Variable**		Variable**	Systematic	Variable**

*Source: RGREEN INVEST. **Items RGREEN INVEST is in the process of setting up in 2020.** Main due diligence work to be conducted for potential investments or those RGREEN INVEST has made. This list is not exhaustive but seeks to present the most significant risks.

**Not systematically required, conducted depending on circumstances while aiming for maximum effectiveness, with approval from the ESG Officer.

On the Social and Governance parts, depending on the applicable law and location, different verification processes will be carried out as part of pre-investment due diligence. Monitoring is then conducted as part of the investment's follow-up.

RGREEN INVEST conducts social and governance due diligence when each investment is made. Information on residents is checked as part of the environmental due diligence. Other information, pertaining to employees, subcontractors, gender equality and governance, is subject to specific review. Please note that compliance with ESG principles is a condition of the agreements signed when each investment is made. Since April 2020, developer counterparties have systematically signed an ESG policy.

Table 7 – Primary due diligence obligations concerning Social & Governance risks

Required level of attention					
	No verification	Verification	Careful verification	Enhanced verification	
	Populations (disturbance, expropriation)	Creation of local jobs	Employees and subcontractors	Gender equality	Governance
France or European Economic Area (EEA)	Verification of legal documentation Litigation audit	Verification of how the project is organised	Verification of legal documentation Litigation audit	Verification of legal documentation Litigation audit	Obtaining the financial statements (audited or unaudited) Conflict of interest check Full KYC*** procedure identifying the beneficial owners Cross-check against sanctions lists and negative media attention
OECD	Verification of legal documentation Litigation audit	Verification of how the project is organised	Verification of legal documentation Litigation audit	Verification of legal documentation Litigation audit	Obtaining the financial statements (audited or unaudited) Conflict of interest check Full KYC*** procedure identifying the beneficial owners Cross-check against sanctions lists and negative media attention
Outside OECD	Verification of legal documentation, addition of audit clauses starting in 2020* Litigation audit	Verification of how the project is organised	Verification of legal documentation, addition of audit clauses starting in 2020* Litigation audit	Verification of legal documentation, addition of audit clauses starting in 2020* Litigation audit	Obtaining the financial statements (audited or unaudited), addition of audit clauses starting in 2020 Conflict of interest check Full KYC*** procedure identifying the beneficial owners Cross-check against sanctions lists and negative media attention
Countries on FATF & other lists**	Verification of legal documentation, addition of audit clauses starting in 2020* Litigation audit	Verification of how the project is organised	Verification of legal documentation, addition of audit clauses starting in 2020* Litigation audit	Verification of legal documentation, addition of audit clauses starting in 2020* Litigation audit	Mandatory certification* of financial statements, addition of audit clauses starting in 2020 Conflict of interest check Full KYC*** procedure identifying the beneficial owners Cross-check against sanctions lists and negative media attention

Source: RGREEN INVEST. ***Some of these items RGREEN INVEST is in the process of setting up in 2020.** Main due diligence work to be conducted for potential investments or those RGREEN INVEST has made. This list is not exhaustive but seeks to present the most significant items.

**FATF: Financial Action Task Force, which identifies the countries the most at risk in terms of money laundering and the financing of terrorism <https://www.fatf-gafi.org/fr/>. RGREEN INVEST considers those countries to entail high political risks, which could involve social and governance risks.

***Know Your Client

VI. Investments made in 2019

RGREEN INVEST made 25 investments in 2019 for a total amount of €349 million. The total avoided emissions expected in 2019 from all projects in which RGREEN INVEST has invested is estimated at about 1.5 million tonnes of CO₂, according to an internal calculation made by RGREEN INVEST.

Table 8 – Key RGREEN INVEST production data as at 31/12/2019*

Investments made in 2019	€349 million
Tonnes of CO ₂ saved in 2019	1.5 million tonnes of CO₂**
Estimated annual production of power plants financed in 2019	5.86 TWh***
Total installed capacity of projects financed since RGREEN INVEST’s founding (in conjunction with other sources of financing)	2.28 GW****

*Source: RGREEN INVEST, Estimates based on an internal calculation methodology.

**Please note that the quantity of avoided emissions that can be attributed to a renewable energy project financed by RGREEN INVEST is highly dependent on the emission factor of the country in which the project is located. Where renewables replace fossil energy capacities, in particular coal-fired thermal power plants, the avoided emissions will be high. Avoided emissions also depend on the renewable technologies deployed. That parameter explains why the emissions avoided by using wind power are higher than those for solar power, while the share those two technologies account for in RGREEN INVEST’s portfolio is comparable.

***TWh Terawatt Hour of expected production on a one-year basis based on production of P50.

****GW Gigawatt of installed capacity of operating power plants.

Figure 3 – Aggregate production per year (in MWh) as at 31/12/2019 and since our founding

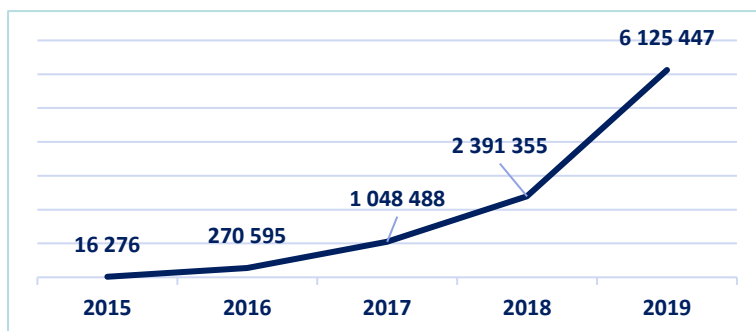
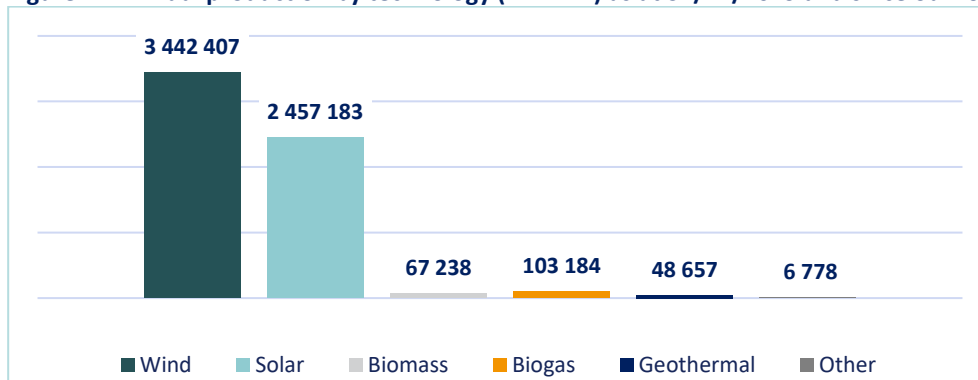


Figure 4 – Annual production by technology (in MWh) as at 31/12/2019 and since our founding



VII. Our adherence to market standards

In 2017, RGREEN INVEST first published, and has since updated annually, an ESG Charter to give concrete expression to its commitment by signing the Principles for Responsible Investment (PRI). That Charter describes the principles, values and commitments, and lays out the procedures relating to environmental, social and governance issues that have been adopted to date. In the aim of continual improvement and alignment with the sector’s best practices, RGREEN INVEST will continue to document and to provide transparent communication on its ESG actions and performance. This ESG Report underpins the commitments made in the Charter.

RGREEN INVEST is recognised as a committed stakeholder in the fight against climate change. For several of the funds it manages, the company has received the official French GREENFIN label (formerly the *Transition Énergétique, Écologique et Climatique*, or TEEC, label), which certifies that investments are oriented towards the energy transition, for the two most recent INFRAGREEN strategies. Positioned as a long-term partner for developers and investments, RGREEN INVEST encourages best practices and instils confidence in its stakeholders (investors, investments and local communities).

To ensure that this approach is implemented properly, RGREEN INVEST’s ESG actions are co-ordinated and facilitated by its ESG Officer. Investment Managers analyse and monitor the investments. In addition, RGREEN INVEST is on several sustainable finance / ESG / renewable energy infrastructure commissions as a member of the market associations presented below.

<p>RGREEN INVEST’s Commitments</p>	
<p>Professional associations of which RGREEN INVEST is a member</p>	<p><i>France Invest membership in process</i></p>
<p>Label awarded to funds RGREEN INVEST manages (some, not all)</p>	
<p>Examples of labels awarded to developers we work with</p>	

Furthermore, since its creation, RGREEN INVEST has built relationships based on trust with top-rated European renewable energy operators, IPPs and project developers. RGREEN INVEST has helped them build up their market shares and step up their development.

RGREEN INVEST believes that creating close relationships with project developers is the key to successful outcomes. As project managers, developers are one part technical specialisation, one part perseverance and one part persuasiveness. Their opinions must be taken into account, which is why RGREEN INVEST’s investment team is made up of industry professionals who want to work flexibly, by sharing good practices adapted to each project’s needs and by building close relationships with developers.

VIII. Our vision of the Sustainable Development Goals

Introduced in late 2015 at the initiative of the United Nations, the Sustainable Development Goals (SDGs) have been adopted by the 193 Member States. Defined for 15 years and to be met by 2030, the 17 SDGs – set out as 169 targets – relate to major environmental and social challenges: eradicating poverty, protecting the planet and ensuring prosperity for all. In addition to States' efforts, companies can also actively participate in reaching those goals by ensuring that their products and services contribute to their fulfilment and that they implement sustainable development policies.



In this respect, the financial sector is called upon to respond. RGREEN INVEST, a pioneering French infrastructure financing platform for the transition to environmentally sound energy, intends to contribute actively to promoting and reaching the SDGs. Alongside global goals such as eradicating poverty and acting for peace and justice, RGREEN INVEST, as an investor, strives to set up and spread good practices in the private sphere to address these goals and targets on the scale of its projects and operations. In this way, improving access to energy and water, encouraging responsible production and consumption, and developing sustainable cities and communities are challenges companies can help to address directly by adapting their strategies, their economic models or their choice of investments.

Incorporating the SDGs into investment processes makes it possible to include considerations on the assets' resilience given the transformations underway and to come. Conventional ESG analysis typically seeks to identify the non-financial risks and to understand how to mitigate them; incorporating the SDGs into ESG thinking enables investors to combine a risk-based approach and an opportunity-based direction, thereby making it possible to better understand the assets' capacity to adapt to future challenges.

Incorporating the SDGs into investment processes makes the principles and values underlying RGREEN INVEST's commitment to responsible investment consistent with the expectations that a large number of stakeholders (investors, governments, civil society representatives) have already expressed as follows:



Fundamental needs: Ensure access to affordable, reliable, sustainable and modern energy for all.



Work and growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Climate: Take urgent action to combat climate change and its impacts.



Partnerships: Establishing effective partnerships between governments, the private sector and civil society is necessary for a successful sustainable development programme. These inclusive partnerships, built on principles and values, a shared vision and common goals that place people and the planet at their centre, are necessary on the global, regional, national and local levels.

IX. Our commitment as a company

Even though RGREEN INVEST’s operations (as a company, without taking its investor activities into account) only have a limited direct environmental impact, the company would like to adopt best practices to contribute to protecting the environment. RGREEN INVEST strives to reduce its energy consumption and adopts sustainable practices, for example by making public transport its first choice.

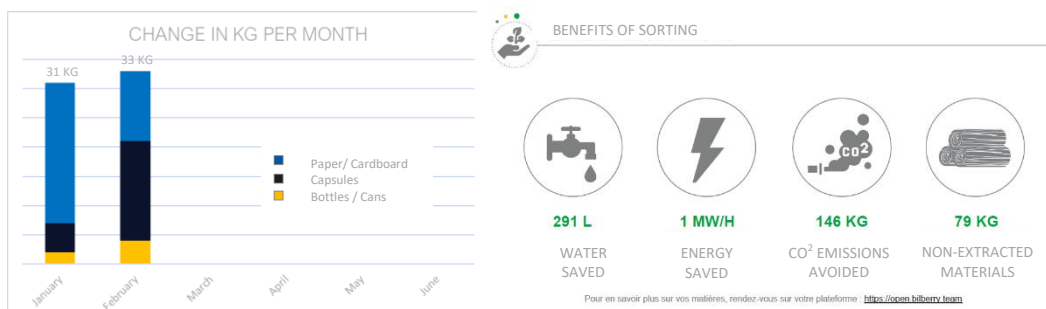
RGREEN INVEST also aims to provide its 17 employees (as of late 2019) with a pleasant and stimulating work environment, so as to help its team develop its skills and competencies and to stimulate performance. In pursuit of this goal, the management team undertakes to establish honest and transparent dialogue with employees.

Additionally, as our team’s make-up shows, RGREEN INVEST hopes to move forward and adopt the best gender equality practices in its sector. In 2019, the first woman was appointed as one of RGREEN INVEST’s five partners, which is a higher proportion than average for the sector¹. Furthermore, the first female portfolio manager (Investment Director) joined the management team in 2019.

Table 9 – Achievements made in 2019 and outlook for 2020 on the level of RGREEN INVEST as a company

Male / Female ratio	35% of the company’s members are women – we increased this ratio in 2019. 1 Executive Committee member is a woman.
Remote work	Setting up plan for all employees to work remotely in March 2020 in response to the Covid-19 outbreak.
Travel	Low-carbon travel as soon as possible Travel only by train in France to destinations less than 3 hours by train from Paris starting in April 2020
Plan for sharing value with employees	Setting up a company savings plan (<i>Plan d’Epargne Entreprise</i>) planned for June 2020

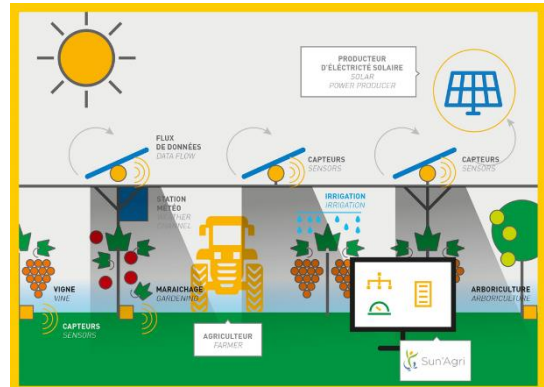
Figure 5 – Recycling on the RGREEN group level (Source: Lemon Tri)



¹ Study on gender equality in private equity, France Invest, November 2018

Appendix – Example of a current project – Project RACINE

Sun’Agri and RGREEN INVEST have come together to launch the “RACINE” project to promote agricultural adaptation to climate change. Agriculture needs to adapt to the effects of climate change quickly. In response to this urgent need, project RACINE has raised nearly €1 billion in private funds and is driving an approach to financing innovative agricultural projects (particularly agri-voltaic projects) led by farmers. In an initial phase, 2,000 hectares and 300 farms will be able to adapt by 2025.



While the agricultural community is already a victim of climate change, and the planet will, by 2030, have 8.6 billion people to feed, adapting agricultural practices and techniques to the new climate and environmental reality is more essential than ever.

Multilateral action has struggled to come up with ambitious solutions, as the results of the latest COP25 have unfortunately shown. The momentum is now coming from the ground up, and the fastest concrete initiatives to implement are arising out of co-operation between private and public players.

Which is exactly what the “RACINE” project seeks to accomplish: federating the entire French ecosystem to make financing possible for innovative agricultural projects (in particular, agri-voltaic projects) led by farmers that enable them to adapt their farms to the effects of climate change. Proven solutions exist that benefit both agriculture (by increasing yield and quality) and the farmers leading the project (by ensuring their farms’ resilience and continuity).

And yet, in today’s difficult economic context and under tough pressure (from agri-bashing to the increase in environmental and health imperatives), farmers are finding it hard to consider making investments and to bring them to fruition.

Thus, “RACINE” is the first private French platform devoted to financing agriculture’s adaptation to climate change through dynamic agri-voltaic projects and further adaptation solutions, in conjunction with field-based partners such as the open innovation laboratory Occitanum.

Backed by an RGREEN INVEST-managed investment fund, this project brings together banking institutions, insurers and co-investors such as the EIB, which are joining forces to mobilise €1 billion by 2025 to support and supplement investments by farmer-entrepreneurs in their adaptation projects, particularly agri-voltaic projects. Nearly 300 farms, for 1,500 to 2,000 hectares of farmland, will thereby be able to adapt quickly. The Mediterranean basin, the French region most affected (by heat waves, storms, hail and desertification, among others), will be the number one beneficiary.

Projects will be financed through direct partner investment (accounting for about 15%) and for the rest by borrowing, thanks to partnerships with banks and insurers that have agreed to grant favourable terms to the project-owner farmers.

The RACINE Project will officially launch in 2020.

