



SWEN

Capital Partners

THE IMPLEMENTATION OF THE DISCLOSURE REGULATION AT SWEN CP

DID YOU SAY "SUSTAINABILITY RISK" ? "NEGATIVE SUSTAINABILITY IMPACTS OF INVESTMENTS" ? "SFDR ? "ARTICLE 6? "ARTICLE 8? "ARTICLE 9 ?

YES! These are the new language elements and this new legal framework that have just officially entered, on 10 March 2021, into the vocabulary and daily life of all of us, players in the European financial industry in the broadest sense, with the entry into force of the first level of the European Disclosure Regulation (or Sustainable Finance Disclosure Regulation, also known as SFDR).

SUSTAINABILITY HAS BEEN AT THE HEART OF SWEN CP'S STRATEGY, IN LINE WITH ITS RAISON D'ÊTRE AND ITS INVESTMENT ACTIVITY FOR ALMOST 10 YEARS

Given the complexity of its implementation today, which is still uncertain due to the lack of detailed implementation standards, we consider this new regulation to be an indispensable pillar in the construction of sustainable finance in Europe. As you know, ESG risks are, for us, investment risks in their own right and sustainability has been at the heart of our investment and management activity for almost 10 years !

The benefits of this regulation, combined with those of the forthcoming Taxonomy for businesses and investors, will be multiple :

transparency, clarification, standardisation of sustainability across all asset classes (listed and unlisted markets)...

And above all, **ACCELERATE** this necessary transition towards the assets and companies of tomorrow, whose business models take into account the requirements of a more sustainable growth both environmentally and socially. As you know, at SWEN CP, our ambition is to contribute more and more to this acceleration by continuing to develop our ESG systems, products and services as well as our investments in this area.

However, this first step in the implementation of the Disclosure Regulation is not straightforward. Some provisions are very clear, but others are less so, as important details have not yet been specified by the regulators and should be in the coming months. Others leave the players with choices to make, which will lead to heterogeneous interpretations, particularly within the asset management industry. It is very likely that the regulators will analyse them between now and the end of the year and specify the way in which they should be interpreted. Adjustments will therefore be necessary.

SO WHAT DID WE DO FOR THIS FIRST DEADLINE?

The sustainability risks identified by SWEN Capital Partners and the detailed ways in which these risks are taken into account in our investment and management processes are set out in our sustainability policy, which is now available on our website (www.swen-cp.fr). This policy also provides information on how our remuneration policy incorporates these sustainability risks in determining the remuneration of our employees.

We have also assessed each of our investment strategies that fall within the scope of the regulation in order to classify them within the different categories provided for by the text, namely "Articles 6, 8 or 9" (*). We have therefore updated the regulations, prospectuses or articles of association of our Funds accordingly and informed the holders concerned :

- i) on the one hand, of all products managed by SWEN CP for which the subscription period is open;**
- ii) on the other hand, of all products with a sustainable investment objective (Article 9 products), even if their subscription period is closed;**
- iii) and finally, of all "dedicated" products whose subscription period is closed but whose investment period has not ended.**

Our management mandates which have also been assessed and classified as Article 6, 8 or 9 (*) and the clients informed. As part of our investment advisory agreements, we will now include a new section in our investment recommendations on the result of the sustainability risk assessment in the light of this new regulation.

The robustness of **our investment process** in terms of integrating extra-financial criteria, both in the analysis and in the commitment to external managers and to the companies or assets invested, allows :

- i) all of our Funds in the period of exercise to meet the requirements for products promoting environmental and/or social characteristics; and**
- ii) for our impact strategies to meet the requirements for products with a sustainable investment objective.**

(*) :

Article 6: Management companies and financial investment advisors are required to publish pre-contractual information to describe

-- How **sustainability risks** are incorporated into their investment decisions; and

-- The results of the assessment of the likely impact of sustainability risks on the performance of the financial products they make available.

Alternatively, where management companies or investment advisors consider that sustainability risks are not relevant, they shall give a clear and concise explanation of the reasons for this assessment.

Article 8: For products promoting environmental and/or social characteristics, provided that the companies in which the investments are made apply good governance practices, the pre-contractual disclosures shall include information on how these characteristics are met and, if an index has been designated as a benchmark, information on whether and how that index is adapted to these characteristics.

Article 9: For products with a sustainable investment objective, the pre-contractual published information shall include information on the sustainable investment objective pursued by the product and the way in which the sustainable investment objective of the fund is to be achieved (designation of a benchmark or transparency on the methodology deployed specific to the Management Company to achieve this objective).