



Prime Green Energy Infrastructure Fund

ESG Update May 2021

Prime Green Energy Infrastructure Fund qualifies as Sustainable Investment acc. to SFDR Art. 9

- > **Environmental, social and governance (ESG)** factors have become crucial criteria in the institutional investment process due to tightening EU regulation in the wake of the Paris Agreement and increasing investor sensitivities.
- > The **Prime Green Energy Infrastructure Fund (PGEIF)** is a rare investment fund that creates significant positive impact with respect to the EU's climate change mitigation target. PGEIF invests in sustainable business activities aligned with the **EU Taxonomy** and is categorised as an impact ("Article 9") fund according to the strict requirements of the EU's recently introduced **Sustainable Finance Disclosure Regulation (SFDR)**.
- > **Sustainalytics**, a global provider of ESG research and analysis, has provided an opinion that PGEIF's wind investment framework **is aligned with the EU Taxonomy**, in particular with the relevant **Technical Screening Criteria (TSC)** and **Do Not Significant Harm (DNSH)** Criteria. We are happy to provide you with the respective opinions on your request.¹

Background

The SFDR, which entered into force in **March 2021**, aims at a higher degree of transparency and comparability of sustainability in financial markets. Within the SFDR, financial products are classified into three categories:

- Article 6 (non-ESG related),
- Article 8 (ESG promoting or "light green") and
- Article 9 (ESG impact or "dark green").

Different disclosure requirements are imposed on the three categories with the highest degrees of disclosures related to dark green products.

PGEIF's **investment objective** of contributing to the increased share of renewable energy in the global energy mix actively advances a reduction in carbon emissions and reaching the long-term global warming objectives of the Paris Agreement. This qualifies PGEIF as an impact product that is classified as **Article 9 ("dark green")** under the SFDR. By investing in regions with low levelised costs of producing electricity, PGEIF also contributes to the **Sustainable Development Goal (SDG) 7** of providing clean and affordable energy. Due to its rigorous investment guidelines and investor reporting set-up, PGEIF is well equipped to fulfil the disclosure requirements of the SFDR for dark green products.

¹ *Sustainalytics, a provider of environmental, social and governance (ESG) research and analysis, evaluated the fund as set forth in the Prospectus and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the fund, in accordance with industry standards, which views are intended to inform investors in general, and are accordingly not directed to or tailored for a specific investor.*

Since the inception of the fund in June 2020, **ESG integration** has been an integral part of the investment process. Identification and mitigation of environmental and social risks has been at the heart of the selection of suitable projects and a robust due diligence process ensures good governance practices of all project participants. To confirm the adequacy of this process, **Sustainalytics**, a global provider of ESG research and analysis, evaluated the fund and the alignment thereof with relevant green and responsible investment industry standards and provided views on the robustness and credibility of the fund. In its Second Party Opinion, dated 02/2020, Sustainalytics attested that the mandate of the fund is credible and impactful and will deliver overall positive environmental impacts. Additionally, the fund demonstrates the principle of transparency through both its upfront disclosures and commitment to ongoing reporting.

As an Article 9 product with a climate objective, PGEIF also falls under additional reporting and disclosure requirements according to the **EU Taxonomy Regulation**. The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities and an important enabler to scale up sustainable investment and to implement the **European Green Deal**.

As an add-on to their work on the Second Party Opinion, **Sustainalytics** has also assessed PGEIF's framework for **alignment with the EU Taxonomy, dated 05/2021**, and is of the opinion that the eligible green use of proceeds activity, electricity generation from onshore wind power, is aligned with the applicable **Technical Screening Criteria (TSC)** and **Do Not Significant Harm (DNSH)** Criteria in the EU Taxonomy. Sustainalytics is also of the opinion that the activities and projects to be financed under the framework will be carried out in alignment with the **EU Taxonomy's Minimum Safeguards**.

Further information about the Prime Green Energy Infrastructure Fund at <https://primecapital-ag.com/product/?lang=en>

About Prime Capital's Sustainability Team

Prime Capital's Sustainability Team consists of Certified Experts in Sustainable Finance and reports directly to the Management Board. The team monitors amongst others regulatory changes, steers the Investment Teams, is the first point of contact for external initiatives and provides guidance for the use of external data and data providers. The team holds regular meetings of the in-house Sustainability Committee, group wide information sessions and organises targeted in-house team trainings. This ensures a wide dispersion of sustainability awareness and integration in key decision processes of Prime Capital.

Further information about Prime Capital AG can be found at www.primecapital-ag.com

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