

REOCEAN FUND SCSp RAIF
SUSTAINABILITY-RELATED DISCLOSURES

Sustainable Finance Disclosure Regulation (EU) 2019/2088

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a) Summary (English)

ReOcean Fund SCSp RAIF (the **Fund**) aims to empower impactful solutions for our planet's biodiversity, climate, ocean, and water resources with the vision of catalysing the next generation of ocean innovations to support the transition towards a net-zero, regenerative, and more equitable economy. In this line of thought, the Fund as its **Sustainable Investment Objective** will provide financing by globally investing in innovative companies that:

- **Reduce** key sources of pollution in the ocean,
- **Transform** the way we produce blue food to preserve marine ecosystem,
- **Mitigate** climate change through more sustainable use of the ocean,
- **Protect** marine ecosystems and the critical services they provide, and
- **Inform and equip** ocean stakeholders with robust and transparent data.

The Fund qualifies as an article 9 under the Regulation (EU) 2019/2088 of the European Parliament and or the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the **Sustainable Finance Disclosure Regulation** or **SFDR**). Thus, the Fund's investments actively contribute to the Sustainable Investment Objective, the Paris Agreement and the United Nations Sustainable Development Goals 13 "Climate Action" and 14 and "Life Below Water" while they do not significantly harm any environmental or social objectives and align with good governance practices.

The Sustainable Investment Objective of the Fund may actively contributes to the environmental objectives 1, 3 and/or 6 as defined in Article 9 of the EU Regulation 2020/852 (**EU Taxonomy**), meaning climate change mitigation, sustainable use and protection of water and marine resources, and protection and restoration of biodiversity and ecosystems. The Fund's investments will be assessed against Taxonomy eligibility and alignment requirements.

Attainment of the Sustainable Investment Objective is monitored through pre-defined Key Performance Indicators (**KPIs**) and 16 Principal Adverse Impact (**PAIs**) indicators. These will be monitored on an ongoing basis, and reported annually to stakeholders.

As part of its investment process, the Fund:

- excludes investments as per EDFI Exclusion List and BII Fossil Fuel Policy,
- undertakes its due diligence of proposed investments, proportionate to the nature as well as potential significance of the ESG & Impact risks related to those investments,
- assesses investees as per:
 - Minimum Safeguards
 - Good Governance Practices (as described below)
 - Adherence to PAIs and KPIs
- in case of identified gaps or where additional mitigation measures are needed, develops a tailored Impact Action Plan (**IAP**) to be integrated within the Investment Agreement,
- agrees with investees on the impact conditionalities (**Impact Covenants**) they need to commit to meet the Fund's required standards,
- monitors investments' progress in the implementation of the IAP and Impact Covenants.

No index has been selected as a reference benchmark for the Fund as no EU-approved index is currently available in the market in alignment with the Fund's investment strategy. Nonetheless, the Fund will monitor and report on the progress of its portfolio by providing stakeholders with an indication of the performance of its Key Performance Indicators against its baseline. All KPIs are aligned to the UN SDGs.

Résumé (French)

Le fonds ReOcean Fund SCSp RAIF (le **Fonds**) a pour objectif de mettre en place des solutions efficaces pour la biodiversité, le climat, les océans et les ressources en eau de notre planète, afin de catalyser la prochaine génération d'innovations océaniques pour soutenir la transition vers une économie nette zéro, régénératrice et plus équitable. Dans cette optique, le Fonds, dans son **Objectif d'Investissement Durable**, fournira des financements en investissant à l'échelle mondiale dans des entreprises innovantes qui:

- **réduisent** les principales sources de pollution des océans
- **transforment** la façon dont nous produisons les aliments bleus afin de préserver l'écosystème marin
- **atténuent** le changement climatique grâce à une exploitation plus durable des océans
- **protègent** les écosystèmes marins et les services essentiels qu'ils fournissent, et
- **Informent et équipent** les acteurs de l'océan avec des données robustes et transparentes.

Le Fonds répond aux critères de l'article 9 du Règlement (UE) 2019/2088 du Parlement Européen et du conseil sur la publication d'informations en matière de durabilité dans le secteur des services financiers (la «Sustainable Finance Disclosure Regulation», dite **SFDR**). Ainsi, les investissements du Fonds contribuent activement à l'Objectif d'Investissement Durable, à l'Accord de Paris et aux Objectifs de Développement Durable 13 et 14 de l'ONU ("Mesures relatives à la lutte contre les changements climatiques" et "Vie aquatique"), tout en ne nuisant pas de manière significative aux objectifs environnementaux ou sociaux et en s'alignant sur les bonnes pratiques de gouvernance.

L'Objectif d'Investissement Durable du Fonds peut contribuer aux objectifs environnementaux tels que définis par l'article 9 du Règlement (UE) 2020/852 (**Taxonomie Européenne**), à savoir l'atténuation du changement climatique, l'utilisation durable et la protection des ressources hydriques et marines, ainsi que la protection et la restauration de la biodiversité et des écosystèmes. Les investissements du Fonds seront évalués au regard des critères d'éligibilité et d'alignement de la Taxonomie. La réalisation de l'Objectif d'Investissement Durable est contrôlée par des indicateurs clés de performance (**KPI**) prédéfinis et 16 indicateurs d'impact négatif principal (**PAI**). Ces indicateurs feront l'objet d'un suivi permanent et d'un rapport annuel aux parties prenantes.

Dans le cadre de son processus d'investissement, le Fonds :

- exclut les investissements conformément à la liste d'exclusion de l'EDFI et à la politique de BII en matière de combustibles fossiles,
- procède à une vérification préalable des investissements proposés, proportionnellement à la nature et à l'importance potentielle des risques ESG et d'impact liés à ces investissements,
- évalue les entités investies conformément à ce qui suit :
 - Garanties minimales (Minimum Safeguards)
 - Les pratiques de bonne gouvernance (telles que décrites ci-dessous)
 - Respect des PAIs et KPIs
- en cas de lacunes identifiées ou lorsque des mesures d'atténuation supplémentaires sont nécessaires, élabore un plan d'action sur l'impact (**IAP**) sur mesure qui sera intégré à l'accord d'investissement,
- convient avec les bénéficiaires des investissements des conditions relatives à l'impact (**Engagements en matière d'impact**) qu'ils doivent respecter pour satisfaire aux normes exigées par le Fonds,
- suit les progrès des investissements dans la mise en œuvre du IAP et des engagements en matière d'impact.

Aucun indice n'a été sélectionné comme référence pour le Fonds, car il n'existe actuellement sur le marché aucun indice approuvé par l'UE qui corresponde à la stratégie d'investissement du Fonds. Néanmoins, le Fonds suivra et rendra compte de l'évolution de son portefeuille en fournissant aux parties prenantes une indication de la performance de ses indicateurs clés de performance par rapport à son niveau de référence. Tous les indicateurs clés de performance sont alignés sur les objectifs de développement durable des Nations Unies.

b) No significant harm to the sustainable investment objective

ReOcean Fund ensures that its investees contribute to the Fund's Sustainable Investment Objective (as defined in section c) below) and that its investments (the **Sustainable Investments**) do no significant harm to any environmental or social objectives.

The Fund commits to measuring and mitigating the negative impacts of its Sustainable Investments by implementing sustainability market practices across its investment process. During the Fund's due diligence stage and through the investment lifecycle, investees are screened, assessed, and monitored by Monaco Asset Management S.A.M. (**Investment Manager** or **MAM**) with support from Innpact S.A. (**Impact Manager**) against:

- Harmonized EDFI Exclusion List and BII Fossil Fuel Policy (**Exclusion List**),
- IFC Performance Standards (**IFC PS**) for ESG risks and good governance assessment,
- Principal Adverse Impacts (**PAIs**) indicators,
- SFDR Minimum Safeguards referring to principles highlighted in the:
 - o International Labor Organization (**ILO**) to promote fair treatment, equal opportunity for workers and decent work conditions,
 - o International Bill of Human Rights,
 - o Guiding Principles on Business and Human Rights, and
 - o when applicable, the OECD Guidelines for Multinational Enterprises.

Further information on the Fund's do not harm assessments can be found in the sections below as well in the Fund's Impact Management System (**IMS**).

Integration of adverse impacts on sustainability factors

Pursuant to the indicators set out in Annex 1 of the Commission Delegated Regulation (EU) 2022/1288 supplementing SFDR, the Fund monitors investments against the Principal Adverse Impact indicators, i.e. the fourteen (14) mandatory PAIs and two (2) additional indicators chosen for the Fund: i) "Investments in companies without a carbon reduction strategy" (Environmental PAI) and "Rate of Accidents" (Social PAI).

The aim is for PAIs to be analysed throughout the investment process and based on this analysis, the Investment Manager will not knowingly approve any investment which could reasonably be expected or is determined, to do significant harm to the Sustainable Investment Objective of the Fund. The Investment Manager will engage with the Fund to capture relevant PAIs data for the first PAIs reporting period, and to ensure that data on PAIs regarding the investees is collected on a periodic basis thereafter depending on the investees' capacity to report. When no data is available, especially due to the early stage (start-ups) of Fund's investments, proxies may be used if available.

PAIs are assessed at the investee due diligence stage, to start each investment with a baseline on PAI indicators presented to the Investment Committee and are monitored on an ongoing basis by the Investment Manager with support from the Impact Manager. PAIs are retrieved by the Investment Manager on a quarterly basis and reported annually to Innpact Fund Management S.A. acting as the Fund Alternative Investment Fund Manager (**AIFM**).

Alignment with minimum safeguards

The Fund recognizes its duty to protect human rights as enshrined in international human rights law. The Fund aligns its Sustainable Investments with the UN Guiding Principles on Business and Human Rights by implementing the IFC Performance Standards and incorporating human rights due diligence for its potential Sustainable Investments.

Recognizing its responsibility to respect human rights, the Fund's due diligence assesses its potential investments against the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation.

Given the early-stage companies of its Sustainable Investments, the Fund has assessed that the OECD Guidelines for Multinational Enterprises are not directly applicable to its operations. Nonetheless, the Fund considers such framework's key principles by assessing its investees against good governance practices alongside environmental and social aspects.

The Fund monitors investees' compliance with the Minimum Safeguards on an ongoing basis and has an escalation process in place in case any breaches and/or incidents arise.

c) Sustainable investment objective of the financial product

ReOcean Fund aims to empower impactful solutions for our planet's biodiversity, climate, ocean, and water resources with the vision of catalysing the next generation of ocean innovations to support the transition towards a net-zero, regenerative, and more equitable economy. In this line of thought, as its **Sustainable Investment Objective**, the Fund will provide financing by globally investing in innovative companies that:

- **Reduce** key sources of pollution in the ocean,
- **Transform** the way we produce blue food to preserve marine ecosystem,
- **Mitigate** climate change through more sustainable use of the ocean,
- **Protect** marine ecosystems and the critical services they provide, and
- **Inform** and equip ocean stakeholders with robust and transparent data.

The Fund Sustainable Investment Objective may actively contribute to Objectives 1, 3 and/or 6 of the EU Taxonomy on climate change mitigation, sustainable use and protection of water and marine resources, and protection and restoration of biodiversity and ecosystems, respectively. The Fund contributes to climate change mitigation in alignment with the Paris Agreement.

d) Investment strategy

Overview of the Fund investment strategy used to attain the sustainable investment objective

The Fund aims to achieve its Sustainable Investment Objective by providing equity capital to diverse high-impact and innovative companies falling under one or more of the Fund's mission-aligned sectors (Solutions to Plastic Pollution, Healthy, regenerative & equitable blue food, Green shipping/yachting or other, Restoration & protection of marine habitats, Ocean data). The Fund invests globally to ensure maximum access to best-in-class solutions and will leverage its networks around MAM and Prince Albert II of Monaco Foundation to identify opportunities to deploy or platform solutions.

Through its Sustainable Investments, the Fund aims to make a substantial contribution to Objectives 1, 3 and/or 6 of the EU Taxonomy, and achieve measured, positive, environmental impact in countries of investment and respective communities. Each Sustainable Investment will be assessed against Taxonomy eligibility and alignment requirements.

Sustainable Investments will take the form of direct and co-investments (majority).

As outlined in its IMS (including the Impact Policy), the Fund seeks to create positive impact outcomes (measured through relevant KPIs as described in section f) below) while assessing and managing ESG risks/impacts and adverse impacts related to their operations.

In particular, the Fund:

- excludes investments as per EDFI Exclusion List and BII Fossil Fuel Policy,
- undertakes its due diligence of proposed investments, proportionate to the nature as well as potential significance of the ESG & Impact risks related to those investments,
- assesses investees as per:
 - Minimum Safeguards

- Good Governance Practices (as described below)
- Adherence to PAIs and KPIs
- in case of identified gaps or where additional mitigation measures are needed, develops a tailored Impact Action Plan (IAP) to be integrated within the Investment Agreement,
- agrees with investees on the impact conditionalities (**Impact Covenants**) they need to commit to meet the Fund's required standards,
- monitors investments' progress in the implementation of the IAP and Impact Covenants.

Assessment of good governance practices

The Fund evaluates investees' corporate governance through the IFC Corporate Governance Development framework during the due diligence stage, which sets the overall corporate governance risk of the investee, including but not limited to:

- the Commitment to Corporate Governance
- Structure and Functioning of the Board of Directors
- Control Environment and Processes
- Transparency and Disclosure
- Shareholder Rights
- Data Security and Information
- Business Integrity including anti-corruption, anti-money laundering and anti-bribery
- Remuneration of staff
- Tax compliance.

Such assessment includes a questionnaire, an interview, and a matrix that is indispensable to the investment process. A standard corporate governance assessment is designed to first identify the corporate governance risk profile of the investee, to define the team involved and to monitor identified gaps (if any).

e) Proportion of investments

The Fund targets a minimum percentage of 80% of Sustainable Investments, and a minimum percentage of 0% Taxonomy-aligned investments. The remaining 20% share of assets not invested in Sustainable Investments is composed of cash and hedging instruments. The amount of cash held by the Fund does not affect the delivery of the Sustainable Investment Objective even if it does not directly contribute to its achievement and serves a pure liquidity purpose. The Investment Manager may also implement hedging techniques designed to protect Sustainable Investments against material fluctuations in the exchange rate between the currency of the Fund and the currency in which Sustainable Investments are made. Not sustainable investments do not follow any environmental or social safeguards.

f) Monitoring of sustainable investment objective

The attainment of the Sustainable Investment Objective is measured by monitoring and reporting the following Key Performance Indicators. Relevant KPIs have been selected from the [Ocean Impact Navigator](#).

Impact Areas	Sector	Sustainable Investment Objective	KPI(s)	Unit	SDG Target
A clean ocean	Solutions to Plastic Pollution	Reduce key sources of pollution in the ocean	Volume of macro-plastic diverted from nature or landfill	bTons	14.1
Sustainably managed ocean resources	Healthy, regenerative & equitable blue food	Transform the way we produce blue food	Volume of biomass	bTons	14.4
Towards 1.5C	Green shipping/ yachting or other	Mitigate climate change through more sustainable use of the ocean	GHG emissions mitigated/reduced/avoided	tCO ₂ e	13

<i>Thriving and restored marine habitats</i>	Restoration & Protection	Protect marine ecosystems and the critical services they provide	Area of habitat protected/restored or Welfare of marine life	Hectares or number	14.5
<i>Climate-resilient coastal communities</i>	Ocean Data	Inform and equip ocean stakeholders with robust and transparent data.	Ocean-related data / information	Number or Gb	14.a

Additional deal-specific indicators may also be monitored and reported on.

Retrieved data is internally controlled and aggregated by the Investment Manager and subsequently double-checked by the Impact Manager before its distribution to stakeholders through the annual impact report.

g) Methodologies

ReOcean Fund will measure the attainment of the Sustainable Investment Objective through a set of pre-defined indicators (see section f) above) in alignment with the [Ocean Impact Navigator](#) and [United Nations Sustainable Development Goals \(UN SDGs\)](#).

These metrics are identified at the due diligence stage by the Investment Manager, monitored and reported on an annual basis to the Fund investors (**Limited Partners**) through an annual impact reporting template.

Investee governance practices are assessed in an adapted formate of the [IFC Corporate Governance Development Framework Toolkit](#) as further described under section d) above and in the Fund's IMS.

Sector-specific ESG risks will be identified through but not limited publicly available tools such as the BII ESG Toolkit Sector Profiles.

h) Data sources and processing

Data sources:

Data (including KPIs and PAIs) is directly derived from investees. When no PAI data is available, or if data is incomplete or of low-quality, especially due to the early stage of certain investees, tailored proxies may be acquired from specialised service providers on a case-by-case basis for PAI reporting. These will be clearly reported as PAI Proxies.

Data quality:

The Fund strives to ensure that data is as accurate as possible. The Investment Manager will work with its investees to ensure so. Supervision visits of investees may be conducted on a case-by-case basis depending on the risk assessment of each investment either by the investment team of the Investment Manager or by a qualified independent expert. The Fund's Impact Manager will also sense-check data obtained from investees before its distribution to stakeholders through the annual impact report. Any third-party data or scientific literature shall be derived from established and reputable sources. Separately, the Fund may implement periodic independent audits at the request of the Investment Manager or existing Limited Partners.

Data processing:

The operational, financial, and impact data collected from investees are received at least annually and used to quantify the investee's realised positive and negative impact during its life in the Fund's portfolio. Additionally, this data is aggregated to maintain and update the Fund's annual impact report.

Data proportion:

KPIs and PAIs are mostly based on actual data retrieved from investees. The expected data coverage for KPIs is 95-100%, while 80-100% for PAIs. Therefore, the proportion of data that are estimated is 0-5% for KPIs, and 0-20% for PAIs. The Fund will work with investees to maximise over time the proportion of portfolio companies with sufficiently reliable data to track positive and negative impacts.

i) Limitations to methodologies and data

Limitations to methodology and data are linked to the early stage of companies in the Fund's portfolio and the unavailability of data. The Investment Manager will ensure that appropriate proxies are identified and considered when relevant data is not available and will replace the proxies with measured data when possible. In these eventualities, the Fund works with the investee to improve the data environment to ensure that there is no drift from the sustainable investment objective of the Fund. By temporarily using proxies and engaging with investees in filling the data gap, the Investment Manager ensures that limitations to methodologies and data do not affect the attainment of the Fund's Sustainable Investment Objective.

j) Due diligence

The Due Diligence (DD) stage enables a comprehensive impact assessment of each potential investee. In this stage, the Fund defines the overall ESG risk of the Investee. The assessment includes verification of compliance with applicable EU and national laws on environment, health, and safety guidelines, and Minimum Safeguards.

In summary, prospective investees will be assessed at DD stage for:

- Minimum Safeguards
- Good governance practices
- Materiality of ESG Risks
- Principal Adverse Impact indicators
- Taxonomy alignment.

Each outcome of the above assessment areas will correspond to a specific impact section of the investment proposal presented through the Impact Scorecard. The completed Impact Scorecard, alongside the Impact Action Plan aiming to address identified gaps or additional mitigation measures, will be reviewed by the Impact Manager before being sent to the Impact Committee for preliminary approval. The Impact Manager acts independently from the investment team and has been appointed by the Fund to develop and ensure the implementation of the Fund's IMS and Impact Policy.

If approved by the Impact Committee, the investment team may finalize the financial and non-financial due diligence and present the final complete version of the Investment Proposal (including the Impact Scorecard and Impact Action Plan) to the Investment Committee including the Impact Manager. In addition to its participation in the vote, the Impact Manager will share the initial feedback on the Impact Scorecard from the Impact Committee.

In the case where the Impact Committee does not approve the proposed Impact Scorecard alongside its Impact Action Plan, the deal will no longer be considered for investment. Reasonings behind this decision will be presented to the Investment Committee by the Impact Manager.

A detailed representation of the Fund's investment process is provided in the IMS available upon request.

k) Engagement policies

The Investment Manager of the Fund may, on a case by case, engage with investees on improving ESG aspects and provide tailored recommendations and/or training to the investee with ad-hoc support from the Impact Manager if necessary. As mentioned above, in case of identified gaps or where additional mitigation measures are needed, the Investment Manager will develop a tailored Impact Action Plan to be integrated within the Investment Agreement with the investee and will agree with such investee on the impact conditionalities (Impact Covenants) it needs to commit to meet the Fund's required standards.

The Fund has put in place an escalation process in case any breaches and/or incidents arise where the investee is required to disclose any material cases. Investees are obliged to report accidents or incidents which have or are likely to have a material adverse effect on the environment, health, or safety of persons (e.g., employees, neighbours, animals, customers), including any remedial action planned or taken by the client in response to the accident/incident in compliance with legal regulations, to the Investment Manager of the Fund within 2 days (48 hours) of the incident occurring. Notification of an extraordinary event is compulsory for all investees irrespective of the environmental, social or governance risk level.

Significant ESG incidents must be reported by the investee to the Fund through a dedicated template provided in the IMS. If necessary, the Impact Manager will determine, in coordination with the Investment Manager, whether a site visit to the investee and further investigation to assess the significance of the ESG incident are required. In the event of a significant ESG incident, a report will be developed by the investee and submitted to the Fund's Impact Manager and potentially escalated to the Fund Board of Directors, AIFM, and investors.

l) Attainment of the sustainable investment objective

As described in section c) Sustainable Investment Objective of the financial product, the Fund's Sustainable Investments may actively contribute to Objectives 1, 3 and/or 6 of the EU Taxonomy on climate change mitigation, sustainable use and protection of water and marine resources, and protection and restoration of biodiversity and ecosystems, respectively. The Fund contributes to climate change mitigation in alignment with the Paris Agreement

Overall, the Fund will contribute to SDG 13 and 14, Climate Action and Life Below Water, respectively.

No index has been selected as a reference benchmark for the Fund as no EU-approved index is currently available in the market in alignment with the Fund's investment strategy. Nonetheless, the Fund will monitor and report on the progress of its portfolio by providing stakeholders with an indication of the performance of its Key Performance Indicators against its baseline. All KPIs are aligned to the UN SDGs.

The continuous monitoring and reporting of GHG emissions mitigated/avoided/reduced aims to achieve the objectives of the Paris Agreement.