

# Sustainability-related disclosures

Under CHAPTER IV, WEBSITE PRODUCT DISCLOSURE (Article 10(1) of Regulation (EU) 2019/2088), Article 31 Website sustainability-related product disclosure section:

**The following apply to Downing only in its capacity as investment manager for the Downing Renewables & Infrastructure Trust PLC (“DORE” or “the Company”)**

- The Sustainable Finance Disclosure Regulation (EU directive 2019/2088, November 2019), and its Regulatory Technical Standards (“RTS”), effective from 10<sup>th</sup> March 2021, is applicable to activities at Downing LLP
- SFDR is aimed at European Supervisory Authorities combatting ‘greenwash’ within the investment industry. This is met via:
  - Making the sustainability profile of funds more comparable and easier to understand for investors by categorising them into Articles
  - Imposing disclosure and metrics for sustainability risk on financial institutions
  - Covering all sustainability risk, so climate and also social and governance
- SFDR is intended to drive investment towards industries or companies that support overall government climate commitments and EU green objectives
- As a Financial Market Participant (“FMP”), Downing can have funds categorised under all three Articles defined by SFDR:
  - Article 6: ‘Products which do not integrate any kind of sustainability into the investment process’
  - Article 8(1): ‘Products that promote environmental and/or social characteristics’
  - Article 9(1), (2) and (3): ‘Products that have a sustainable investment objective’
- Disclosures to meet our firm-level SFDR requirements follow. Fund-specific requirements for Article 8 & 9 products are met in their own prospectuses and Pre-Contractual Product Disclosure (per Chapter III / Annex II and III of the RTS, Articles 13 to 27) or Product Disclosure in Periodic Reports (Chapter V / Annex IV and V, Articles 58 to 69)
- Disclosures for DORE to meet these fund-level requirements are located here: <https://www.doretrust.com/investor-relations>. These were first reported in January 2023 for full year 2022 activity. Where applicable they cover the sections listed in Article 45: Website product disclosure for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088: FMPs shall publish the information referred to in Article 10(1) of that Regulation and Articles 46 to 57 in the order and made up of the following sections titled:
  - (a) ‘Summary’;
  - (b) ‘No significant harm to the sustainable investment objective’;
  - (c) ‘Sustainable investment objective of the financial product’;
  - (d) ‘Investment strategy’;
  - (e) ‘Proportion of investments’;
  - (f) ‘Monitoring of sustainable investment objective’;
  - (g) ‘Methodologies’;

- (h) 'Data sources and processing';
- (i) 'Limitations to methodologies and data';
- (j) 'Due diligence';
- (k) 'Engagement policies'; and
- (l) 'Attainment of the sustainable investment objective'.

## Integration of Sustainability Risks

- As investment products for which the portfolio management is delegated by the Company (DORE) to Downing as Portfolio Manager, we implement and adhere to sustainability risk policies and processes
- The RTS require disclosure of how our funds integrate this Sustainability Risk into investment decision-making processes, and results of the assessment of likely impacts
- We apply the SFDR definition of Sustainability Risk as: "An environmental, social or governance event that, if it occurs, could cause an actual or a potential material negative impact, or entire loss, on the value of investments made by the funds"
- Funds could be exposed to Sustainability Risks, which may differ depending on the investment instruments. In particular, some investments, markets and sectors may have greater exposure to these Risks than others. Events can include:
  - Physical and transition climate risks
  - Societal impacts, such as labour relations, human rights and inequality
  - Governance shortcomings, e.g. breach of international agreements, bribery or corruption
- Downing has a sustainability risk management approach to identify material ESG factors and then assess the risk and opportunity via an ESG scorecard. These Sustainability Risks and scorecard outputs are integrated in the investment committee decision making process and ongoing risk monitoring, to the extent that they represent potential or actual material risks, or opportunities to maximising long-term risk-adjusted returns
- Risks are then managed and monitored by investment and asset management teams, balanced against the asset's fundamentals to determine the overall risk / reward of an investment. Further detail is in ESG Policies, made publicly available on our website: <https://institutional.downing.co.uk/sustainability>

## Article 4: FMP Principal Adverse Sustainability Impacts Statement and Article 11: Statement of No Consideration

- Adverse impacts are the negative environmental and social effects of an economic activity
- The consideration of the Principal Adverse Impact of the investment decision on the Sustainability Factors is the responsibility of the Financial Market Participant in charge of the portfolio management
- The adverse impacts of investment decisions on sustainability factors are considered. Given the company size and asset class (renewable energy & infrastructure), we do not currently have access to sufficient ESG information for determining and weighting with adequate accuracy the negative sustainability effects across all funds. Therefore we have elected to utilise the opt-out exemption provided under SFDR Article 4 for companies of less than 500 staff
- However:
  - Individual investment strategies funds (such as DORE) do identify, monitor and mitigate adverse impacts as part of ESG integration in the investment research and engagement process. These funds disclose their own Principal Adverse Impacts as identified by the RTS and the indicators required by Annex I
  - We monitor industry progress closely and shall update this position in time as further regulatory guidance is made available
  - As required by the RTS Article 11, we publish this section, titled 'No consideration of sustainability adverse impacts' via this Statement on our website

## Article 7: ESG Policies and Article 8: Engagement Policies

- Downing has an ESG Policy Architecture that identifies and prioritises impacts on sustainability factors for all asset classes, including engagement. These are made publicly available on our website: <https://institutional.downing.co.uk/sustainability>
- Remuneration: This aims to fulfil expectations under SFDR by providing transparency and ensuring that there is consideration in relation to the integration of sustainability risks