SFDR Statement - Website disclosures

Mandatory disclosures under Regulation of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector (EU) 2019/2088 ("SFDR").

As an impact investor, our sustainable investment objective is to actively direct capital towards solutions tackling major social and environmental challenges. We thus invest only in companies that have an impact objective consisting in providing, through their product or service, a quantifiable solution to a problem related to at least one of the seventeen UN SDGs. We help entrepreneurs grow by fostering both impact and business performance.

Classification of Ring Capital funds

SFDR introduced new regulatory obligations for financial markets participants, to increase the transparency of financial products and actors with regard to sustainability.

Ring Capital's investment vehicles are classified under either Article 9 and Article 8 :

- Ring Altitude Growth I, our first fund, was created before SFDR's implementation. It is now in disinvestment period, and was requalified as article 8 in 2023, as it actively promotes social and environmental characteristics ;
- Ring Mission Venture Capital I, is an article 9 fund investing in 'impact-native' early stage companies bringing a positive and measurable solution to one or more major social and environmental challenges ;
- Ring Altitude Growth II, is an article 9 fund targeting fast-growing, profitable companies characterised by their social and/or environmental positive and measurable impact ;
- Ring GENERATIONS by EDHEC Seed I, is an article 8 seed impact fund dedicated to startups performing and tackling the societal and environmental challenges for future generations ;
- Ring Africa is a GBC fund managed by Ring SAS, supporting early stage start-ups with a strong social and/or environmental impact and the growth of entrepreneurs in French-speaking Africa. Its sustainability disclosures will be aligned with article 8 requirements.

No significant harm to the sustainable investment objective

All proposed sustainable investments will be required to meet minimum sustainability criteria ensuring that they do not significantly undermine any sustainable investment objective, as determined through the investment process (cf. Ring Capital Corporate ESG policy). All applicable and relevant principal adverse impact indicators (PAIs) are considered in the investment process.

Sustainable investment objective

Ring Capital does not consider adverse impact of its investment decisions on sustainability factors at entity level, for three main reasons. First, our vehicles target impact businesses that place at the core of their activity and strategy the resolution of social and environmental issues, along with measurable tracking of their progress. Impact startups engage in a proactive and continuous positive approach that goes beyond risk mitigation. We thus focus on the definition of positive and measurable impact KPIs, and on a proprietary impact scorecard, rather than the monitoring of PAIs for all vehicles. Secondly, we have some investment vehicles with completed invested periods created before the implementation of SFDR, and for which we monitor key negative impacts. Thirdly, due to the early-stage nature of target investments, data collection on the mandatory PAIs is not always possible. Thus we have decided to opt out of the PAI regime on an entity level until we are more confident in the data collected. Ring Capital will re-evaluate considering principal adverse impacts of its investment decisions at entity level in the future, depending on the evolution of the regulation.

We do however consider principal adverse impacts of investment decisions on sustainability factors for some of our funds, as part of our ESG policy: in our due diligence analysis and through the ESG and sustainability audit conducted by an external firm and prior to the realisation of any investment; and throughout the monitoring of an investment through the annual collection of ESG indicators. PAI statements will be published for relevant funds.

Supporting positive impact solutions is our core DNA. To attain this objective with developed with time a robust proprietary impact methodology. In addition, we are convinced that actively promoting social and environmental responsibility is key to limiting investment risks and generating more sustainable financial value while engaging all stakeholders. Ring Capital thus built over the years a pragmatic and demanding roadmap to incorporate sustainability and ESG issues as a key pillar of our strategy.

Investment strategy

Our funds' purpose is to make minority or majority investments, alone or alongside other investors, in start-ups, SMEs and MidCap Enterprises, with strong growth potential in diversified sectors with solid digital, technological or scientific fundamentals, whose securities are not admitted to trading on a Financial Instruments Market. The Fund will not invest in an enterprise whose principal activity is (a) the production or distribution of tobacco or distilled alcoholic beverages, (b) the sale or production of arms or ammunition of any kind or (c) the production, distribution or promotion of pornographic films.

As part of the search for impact through activity, in addition to the financial objectives, the Fund will seek in particular to invest in companies which, cumulatively:

- have a business model and a structure that allows them to finance themselves independently of any state subsidy and allows investors to hold and sell their interests in these companies at market conditions;
- have an impact objective consisting in providing, through their product or service, a quantifiable entrepreneurial solution to a problem related to at least one of the seventeen (17) UN Sustainable Development Goals;
- have the objective of using their own growth to promote their predetermined social or environmental goals (impact intentionality criterion);

- seek to provide a solution adapted to a specific social or environmental problem to address it on a large scale (criterion of impact significance);
- provide an innovative solution in its approach, its accessibility, or its cost, compared to pre-existing solutions (cumulative impact criterion); and
- assess social and environmental impacts pre-emptively in the context of their business plans and determine the parameters for directing and quantifying the social and environmental impacts of their activities ex-post.

In addition, the Management Company is a signatory of the UNPRI and is committed to applying the principles for responsible investment instituted by the United Nations (www.unpri.org). The Management Company is also signatory of the International Climate Initiative, which recognises the adverse effects of climate change on the global economy, and is committed to contributing to the achievement of the Paris agreement on climate change which has been adopted on 12 December 2015, which aims to limit temperature increase to +2°C above pre-industrial levels.

Proportion of investments

For article 9 funds, the investment strategy provides for the main allocation of assets (up to 100%) in companies with an impact investment objective, with an environmental and/or social objective. The Management Company will aim for the funds' investments used to achieve the sustainable investment objective to represent at least 80% of the amount invested in the portfolio companies.

The Fund invests 100% of its capital in sustainable investments, which will be split between sustainable investments with an environmental objective and sustainable investments with a social objective

For article 8, funds, the investment strategy provides for the main allocation of assets (up to 100%) in companies with an impact investment objective, and promoting environmental and/or social characteristics.

Monitoring and methodologies for the sustainable investment objective

Ring Capital uses the indicators listed below to measure to what extent the sustainable investment objective is met:

- the percentage of the Fund invested in sustainable investments;
- the percentage of the Fund invested in sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the Taxonomy Regulation;
- the percentage of the Fund invested in sustainable investments with a social objective; and
- the percentage of the Fund with exposure to investments that undertake activities that are excluded in accordance with the exclusion list (as mentioned below).

We developed with time a proprietary methodology based on the referent framework of the UN Sustainable Development Goals (SDGs) and on the assessment of four impact criteria - intentionality, additionality, potential, and impact performance measurement - though a detailed impact scorecard and questionnaire. Alongside financial Business Plans, we define in Term Sheets extra-financial Business Plans based on 2 to 5 environmental and/or social impact performance KPI, that are yearly-audited by a third-party and on which we align 50% of the team's carried interest, as well as Management variable remuneration. We also require all portfolio companies to develop a "mission model", based on the existing one for purpose-driven companies (or "sociétés à mission"), which embodies and puts at a strategic level the positive impact of their activity on society or the environment. Ring Capital's detailed impact methodology is available upon request (for investors only).

Due diligence and data sources

During due diligence, Ring Capital conducts detailed sustainability audits to detect early-on extra-financial risks. This sustainability audit assesses both impact and ESG stakes, and is conducted either by a third party or by our dedicated operating partner.

This audit first evaluates the impact maturity and potential of the target investment. The ESG part of this sustainability audit focuses on the key risks and opportunities for the sector and the business. ESG topics that are being assessed are selected based on the ESG materiality map of the Sustainability Accounting Standards (SAB) and ESG Due-Diligence guides from Invest Europe. The audit realises a red-flag identification and qualitative assessment of the company's maturity on each material ESG topic. The audit also evaluates the company's positioning on the 14 mandatory Principles of Adverse Impact (PAIs). Some of our sustainability audits include an evaluation of the regenerative potential of the company, and when needed, we also conduct an ad hoc and detailed climate due diligence, which analyses the materiality of the climate issue for the company.

Once the investment is made, the Fund relies on information shared by the portfolio companies through their financial and impact/ESG reportings. Some of the data is collected directly from our investees via questionnaires or third-party platforms.

Limitations to methodologies and data

Limitations linked to the absence of benchmarks or to the availability, construction and reliability of data may exist. These risks are limited, and monitored closely with the Management of portfolio companies. They do not affect the achievement of the sustainable investment objective.

Engagement policies

As an active minority shareholder, the Management company requests, for each investee, a seat in the governance body. This ensures that the Fund can identify and investigate potential shortcomings, share expertise, encourage and track companies' performance towards existing impact and ESG trajectories, and request additional disclosures.