

RIVERROCK



RiverRock Impact Report 2021

Version 1 | 18th March 2022

Table of Contents

1. LETTER FROM THE CEO	1
2. KEY IMPACTS	3
RIVERROCK MINIBOND FUND (“RMF”).....	5
RIVERROCK SENIOR LOAN FUND (“RSLF”).....	6
RIVERROCK GLOBAL TRADE FINANCE IMPACT FUND (“RGTFIF”).....	7
RIVERROCK BROWNFIELD INFRASTRUCTURE FUND (“RBIF1”)	8
RIVERROCK PUBLIC ADMINISTRATION RECEIVABLES FUND (“RPAR”).....	9
RIVERROCK ACCOUNTS RECEIVABLE FINANCE FUND (“RARF”)	10
3. RIVERROCK'S COVID RESPONSE	11
4. THE PATH AHEAD: 2022	12

1. Letter from the CEO

As part of its DNA, RiverRock European Capital Partners LLP provides small and mid-cap corporates in Europe with long-duration financial support and actively seeks out investments with the potential to make a positive impact on stimulating local economies, addressing the drivers of climate change and creating economic benefits for society as a whole, as we believe that investments with such characteristics stand to outperform in the long term.

Our investment teams share an acute awareness of their duties as stewards of our clients' assets and this perspective underpins all of our investment decisions. Pre-investment, Environmental, Social and Governance ("**ESG**") factors play a major role during the proposal evaluation stage of each investment opportunity and post-investment/ portfolio management, we consider such factors as fundamental components of our investment portfolio monitoring process. As part of its responsible investing approach and recognition of sustainability-related financial disclosures, RiverRock assesses its material ESG and sustainability-related risks, including climate risk, and share these findings with its investors.

Despite the continued challenges posed by the Covid-19 pandemic, RiverRock weathered the storm as our engagement with investee companies allowed RiverRock to pre-empt any problems and roll out action plans to stabilise companies as required. Internally, RiverRock employees adapted to the enhanced remote working policy. Our employee assistance program includes mental health wellbeing to support employees.

In 2021, RiverRock implemented a double ESG rating methodology developed in-house which is used across all funds. This allows us to filter out investments which do not conform to RiverRock's ESG commitments. Additionally, we are incentivising our counterparties to improve their ESG risk management processes. ESG training is provided to the RiverRock investment management team.

Since 2017, Environmental, Social and Governance issues have been embedded in our investment process and this year our foresight was rewarded, as our customers and portfolio companies proved resilient in the face of economic shocks from the pandemic both in the communities we serve and along the supply chains we finance. We are proud of the successes we achieved this year both financial and non-financial: generating significant measurable positive impacts through the companies we invested alongside. To do this, we focused this year on engagement, climate risk and employee welfare among our investees.

Our infrastructure strategy was recognized as industry leading through PRI, receiving an 'A' rating in the 2020 UN PRI reporting.

As we did last year, we held the UN's Sustainable Development Goals (“**SDGs**”) in sight and are happy to share the results of our efforts in helping to deliver on SDGs 3 (Good Health and Wellbeing), 4 (Quality Education), 5 (Gender Equality), 6 (Clean Water and Sanitisation), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 9 (Industry Innovation and Infrastructure), 10 (Reduced Inequalities), 11 (Sustainable Cities and Communities), 13 (Climate Action), and 16 (Peace, Justice and Strong Institutions). RiverRock believes the Sustainable Development Goals provide a sound guide to identifying, creating and measuring impacts.

We are optimistic that our continued engagement with companies and education of employees as well as supporting our local communities will enable us to create significant positive impacts in the coming years and enable RiverRock to have continued success.

Alignment with our clients is central to everything we do, and we are proud to be supported by a diverse investor base, incorporating public institutions, public and corporate pensions, insurance companies and family offices. Long term success relies on the quality of our investment decisions and increasingly this is achieved by doing so through the lens of sustainability.

Yours Sincerely

Michel Péretié
Partner & CEO

2. Key Impacts

RiverRock considers the UN's Sustainable Development Goals in its investment process and ensures the compliance of its investments working towards delivering these goals through pre-defined targets. We approach sustainability through a three-prong approach: under the umbrella of the SDGs, using a detailed ESG metrics checklist, and implementing impact indicators tied to fund-specific criteria which we monitor on a regular basis. RiverRock is also a signatory of UNPRI.

Sustainability Risk Policy

As part of its responsible investing approach and recognition of sustainability-related financial disclosures, RiverRock integrates sustainability risks into the investment decision making process. In addition to following exclusionary criteria and a strict do no harm approach, we follow global norms on labour and business from organizations like the International Labour Organization (ILO). We go further by assessing how our counterparties address sustainability factors material to the strategies, such as climate risks, employment practices, respect for human rights, and governance, including anti-corruption and anti-bribery. As part of the SFDR legislation applied from March 2021, we are assessing and disclosing our own climate risks more transparently.

Adverse sustainability impact

As part of our origination and due diligence process, we incorporate the consideration of principal adverse impacts of investment decisions on sustainability factors and we endeavour to exclude investments that have a material negative impact on sustainability - from communities to impacts on biodiversity.

In addition to following exclusionary criteria and a strict do no harm approach, RiverRock actively seeks out investments with the potential to make positive impacts on poverty, the environment and society. RiverRock's in-house ESG rating framework estimates the positive impacts and applies a **Sustainable Opportunity Rating** to each potential investment.

Across its various funds and strategies, RiverRock works with multiple companies who have their own ESG policies and governance. In order to control and monitor these companies to ensure they are aligned with RiverRock's ESG standards, we grade each of them with an **ESG Risk Management Rating**.

This double ESG rating system enables RiverRock to be transparent with investors; disclosing each fund's ESG performance and evolution through time as new investments are made.

RiverRock is delighted to be awarded an A rating in the UNPRI 2020 report. The United Nations Principles for Responsible Investment (UNPRI) in July 2020 granted RiverRock an A rating for Strategy and Governance and an A rating for Infrastructure, reflecting a strong improvement on last year and testament to RiverRock's evolution as a leader in sustainable investing. This score is an independent recognition of RiverRock's execution of and commitment to transparency and best practices. The

high scores from UNPRI attests to RiverRock's integrated Environment, Social and Governance (ESG) investment processes. RiverRock reported in the Fixed Income, Corporate Non-Financial asset class for the first time in 2020, scoring a B which is the median score among peers. RiverRock commits to an evolution of working internally and with portfolio partners on sustainability and impact measures. RiverRock is among the first funds with such a diversified set of strategies, from Working Capital and Direct Lending to Credit and Infrastructure to sign up to UNPRI and implement ESG best practices across the Group.

RiverRock MiniBond Fund (“RMF”)

In addition to following exclusionary criteria and a strict do no harm approach, RMF follows global norms on labour and business from organizations like the ILO and goes further by assessing how counterparties address sustainability factors material to the strategies including anti-corruption and anti-bribery.

As part of the origination and due diligence process RMF incorporates the consideration of principal adverse impacts of investment decisions on sustainability factors through a multi-level process from an exclusions list, to an ESG checklist.

RMF selected impact goals



One counterparty to scale up the percentage of **female employees** (full-time female employees and managers) proudly reaching a total female participation of 50% of the company in total, with the women playing a key role in the management having 33% of the board of director seats.

new investment in a company specializing in production and transplanting of seedlings optimizing the **cultivation of poorer soils** and **wastewater treatment and recycling**

A **water conservation** strategy was implemented by 42% of RMF's clients in 2021

At least 57% of our counterparties are following or implementing **energy conservation** strategies. In one specific case, the company is investing part of the RiverRock funds in renovating their facilities through installing a new photovoltaic system with fast charge power columns for electric vehicles

RiverRock Senior Loan Fund (“RSLF”)

As part of its responsible investing approach and recognition of sustainability-related financial disclosures, the team integrates sustainability risks into the investment decision making.

Our exclusion policy is in line with ESG+ criteria and includes (among others) the exclusion of investments into: weapons and ammunition, prisons and detention centres, sex trade, human cloning, coal mining, nuclear energy, gambling and tobacco.

In addition to following exclusionary criteria and a strict do no harm approach, RiverRock Senior Loan Fund actively seeks out investments in companies with the potential to make positive impacts on poverty, the environment and society.

RSLF selected impact goals



We deployed new capital to companies **pioneering sustainable alternatives** to antiquated, incumbent, technologies including a **€20 million** loan to one sustainable frying-pan pioneer

We **expanded** the share of the portfolio loans with **definite ESG targets** that translate to lower margin ratchets once successfully hit by the borrowers

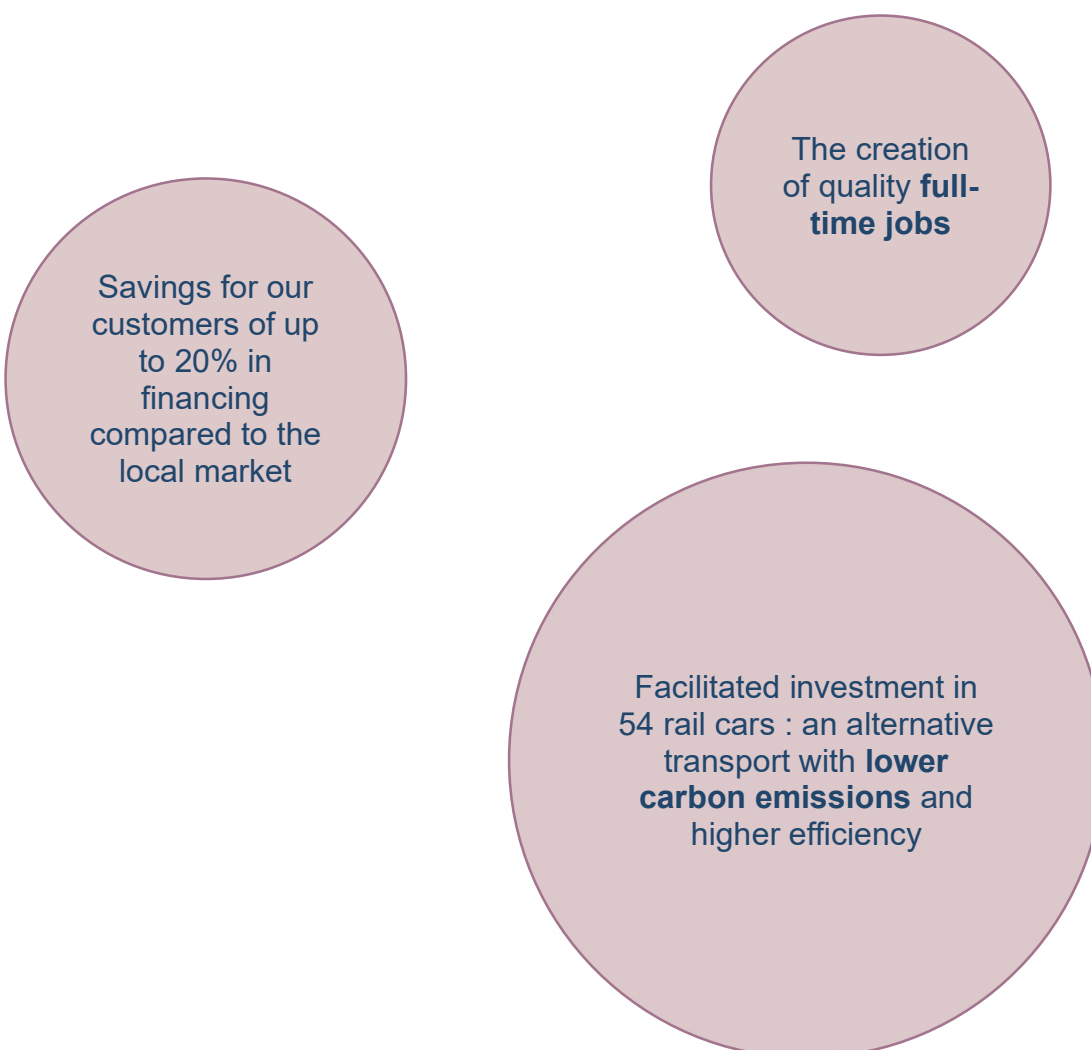
76% of investee companies have a dedicated **CSR statement** on their website, thanks in part to our engagement

Investee companies have supplemented their management teams with **Dedicated ESG Directors**

RiverRock Global Trade Finance Impact Fund (“RGTFIF”)

RGTFIF assesses social impacts through detailed metrics well recognised by our peers and favoured by our investors, integrated in the ESG checklist used during the due diligence process and tracked post-investment. We have identified indicators from the UN SDGs as well as sources like IRIS for measuring and tracking our impacts. The Fund engages with clients and stakeholders to track performance against these indicators, and reports annually on progress. We are proud to be one of the few impact-focused trade finance strategies in the market.

RGTFIF selected impact goals



RiverRock Brownfield Infrastructure Fund (“RBIF1”)

Along with RiverRock's responsible investment policy, RBIF1's Investment Team conduct an assessment using the ESG Due Diligence Checklist prior to the investment being authorised, with the findings presented to the Investment Committee and mitigation steps taking account of any additional work needed on certain criterias. At this point the Investment Committee can approve or reject the transaction from proceeding based on sustainability and impact factors. RBIF has also started to work with GRESB assessment (see box below).

RBIF1's team review the ESG criteria at the Board level of portfolio companies and sets KPIs to measure and track the Fund's positive impacts. ESG issues are also carefully monitored for positive performance and to identify specific ESG risks that may arise.

RBIF1 is proud of its engagement strategy, working with counterparties to improve their identification and integration of specific impacts which contribute not only to sustainability in operations but also less risk over the long run and potentially contribute to outperformance.

RBIF1 selected impact goals



R&D Investments:
Commissioning a
review of building
energy efficiency
to identify
improvements

Increased our
participation in a
Spanish hospital
complex during
the **pandemic**
crisis

Acquisition of a Spanish
company committed to
aerial emergency
services: medical
interventions, firefighting,
search and rescue
missions achieved whilst
using best practices
manuals to **reduce CO2**
footprint

RiverRock Public Administration Receivables Fund (“RPAR”)

By financing Italian healthcare receivables, RiverRock Public Administration Receivables Fund is providing working capital funding to a sector in need. The fund is helping reduce regional geographic inequalities, focusing on private hospitals in regions which the average day sales outstanding for invoices is 160 days (vs. an average of 60 days in Europe).

As part of the origination and due diligence process RPAR incorporates the consideration of principal adverse impacts of investment decisions on sustainability factors through a multi-level process from an exclusions list, to an ESG checklist.

PAR selected impact goals



25 Italian hospitals
and medical centers
have been facilitated
with working capital
solution

Helped private
healthcare institutions
with poor financial help
from banks or
government to increase
their capacity during the
pandemic crisis

RiverRock Accounts Receivable Finance Fund (“RARF”)

Basel III has led to a bank driven undersupply of credit that limits the ability for European SMEs to finance growth. This trend has created a need for alternative funding sources away from traditional banks. Hence, new forms of financial intermediation have evolved driven by the rapid emergence of direct lending asset managers. RARF support the viability of European SMEs through the funding of working capital.

As part of the origination and due diligence process RARF incorporates the consideration of principal adverse impacts of investment decisions on sustainability factors through a multi-level process from an exclusions list to an ESG checklist. ESG matters identified in the investment phase are integrated into the Asset Management Plan. RiverRock will undertake close monitoring of ESG issues throughout the asset life. RARF tracks the wider impact of its portfolio investments on societal, environmental and ethical factors across Europe (SDGs).

RARF selected impact goals



155 SMEs have already been provided with working capital funding

Support **sustainable businesses** in various sectors such as healthcare and education with daily liquidity all over Europe

About GRESB: GRESB Assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments, and are aligned with international reporting frameworks, such as GRI, PRI, SASB, DJSI, TCFD recommendations, the Paris Climate Agreement, UN SDGs, region and country specific disclosure guidelines and regulations. Investors use the ESG data and GRESB’s analytical tools to monitor their investments, engage with their managers, and make decisions that lead to a more sustainable and resilient real asset industry.

3. RiverRock's COVID response

RiverRock remains committed to supporting people and institutions affected by the spread of Covid-19. We took early and swift action to support our counterparties.

We communicated and engaged with our companies and investors to identify needs and how we could support the rapidly evolving situation. We encouraged flexibility in operations (i.e. work from home, making allowances to support employees), and at an operational company level engaged to support employee morale, prevent supply chain disruptions and maintain our financing commitments.

We ensured our investors were kept informed on the evolving situation, explained the impact on portfolio companies, and the changing risk profiles at country/sector level. Our investee companies showed a dedication to honouring their contracts despite the crisis, and successfully navigated the difficulties without default, in part thanks to the flexibility we offered.

On strategy-specific effects, the Coronavirus pandemic caused sales and EBITDA to fall for approximately half of the constituents in RiverRock Senior Loan Fund I's portfolio. In six of these cases, the Borrower identified a risk of potential covenant breach later on as a direct result of Covid-19 and requested Lenders to agree to a covenant holiday for the rest of the 2020 calendar year to avoid such a breach; this was extended for 6 months into 2021. In all six cases, RiverRock consented to the covenant-holiday request given certain conditions were met.

The infrastructure sector was also affected by slowdowns and delays or reductions in utilisation. The infrastructure team reached out to its local partners to ascertain any difficulties caused by the pandemic and discuss support plans. It was ensured that front-line workers were provided with Personal Protective Equipment (PPE) and that teleworking was allowed for office staff.

Regarding the police stations, constant close communication with the public authority ensured that necessary adjustments were made in a collaborative and serene spirit.

One of the other investments is a participation in a hospital concessionaire in Spain. The concessionaire remained engaged with the public authorities, and maintaining a spirit of collaboration, they accepted urgent requests pertaining to public health and wellbeing in a timely manner. RiverRock, through its representative at the Board, supported the granting of a reduction in parking fees for medical staff and free access to television for all patients in the hospital.

The hospital is state of the art and its efficient response to the crisis, including the setting up of the first Test drive for COVID-19 testing, was praised in the press several times. The hospital remained well-managed and resilient in face of the crisis, and maintained available beds for patients with Covid-19 and other sicknesses, ensuring

that other ailments could be treated.

Across the strategies, companies were able to avoid retrenchments and bring in the necessary resources needed to face and weather the pandemic.

4. The Path Ahead: 2022

Looking ahead to 2022, we are excited for the continued growth of our investee companies and engagement with our counterparties to continue to raise the bar on sustainability, focusing especially on climate risks and materiality. We expect the macro environment to improve and stabilize; this will not only support our financial performance but the ease of operations of our companies.

At the Group level we will invest into training all RiverRock staff on ESG, sustainability and impact to ensure this capacity is embedded across teams and strategies.

The continued focus on sustainability has encouraged RiverRock to create new SFDR Article 8 funds in 2022.

We look forward to onboarding additional mission-aligned investors as we seek to increase our financial and non-financial impact in the year ahead. In addition we are looking to launch new funds on impact investing and to grow our presence in this space.