
SFDR Disclosure

11 October 2023

This document contains the required disclosure of DIF Capital Partners under the SFDR¹ including:

- Integration of sustainability risks in investment decision making (article 3(1) SFDR)
- No consideration of adverse impacts of investment decisions on sustainability factors (article 4(1)(b) SFDR)
- Information on remuneration policy (article 5(1) SFDR)

¹ Sustainable Finance Disclosure Regulation: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

Integration of sustainability risks in investment decision making

DIF integrates sustainability risks in its investment decision making process. DIF's ESG strategy is aligned to its overall mission and strategy of offering access to high-quality infrastructure assets with stable cash flows that deliver sustainable returns. We believe sustainability risks are an integral part of our ongoing commitment towards ESG. These commitments are covered in our ESG Policy: "Delivering Returns Responsibly" as available on our website¹.

The origination team is responsible for implementing the ESG policy during the origination phase covering the investment-decision making process. This means screening new opportunities for ESG risks and opportunities, ensuring the potential investment complies with the exclusion policy, proper ESG due diligence is conducted, inclusion of ESG matters in contracts (SPA, SHA, MSA) with business partners where appropriate and ESG action items are communicated to the asset management team for management and monitoring. Within the origination process, the Investment Committee ("IC") advises on ESG considerations as part of the investment decision process.

Our ESG Screening Tool for new investment opportunities has been developed to identify, at an early stage, material ESG issues, including sustainability risks, that should affect a decision on a potential new investment. The tool ensures we set specific ESG due diligence objectives if needed, and that these topics are being reported in the IC paper. ESG risks are included under the Risk section of the IC paper and discussed in that context and are part of the advice.

No consideration of adverse impacts of investment decisions on sustainability factors

DIF does not consider the principal adverse impacts of its investment decisions on sustainability factors, as defined in article 4 (1)(b) of the SFDR.

DIF integrates ESG in its investment cycle, both in the investment stage and during the asset management stage. The main tools DIF has developed are:

- The ESG Screening Tool as described above.
- The DIF ESG Path, which drives ESG performance improvement by working with the assets that participate in the annual DIF ESG survey to mutually agree bespoke targets to improve sustainability challenges specific to them. We monitor and support the investee yearly as ESG actions are implemented.

However, while these bespoke ESG instruments cover what we believe are the key ESG areas relevant to our investments and have a strong link and/or overlap with the indicators as defined by the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 ("CDR"), we do not consider the adverse impacts of investment decisions on sustainability factors as referred to in article 4 SFDR for the following reasons:

- We have a materiality based risk approach in our investment strategy, focusing on the main risks for individual investments. As such not all indicators are covered for each investment.
- Not all indicators as listed in Table 1 of Annex I of the CDR are relevant for each investment.
- Not all data for these indicators are available in the level of detail and frequency as required by the CDR.

DIF does however consider certain items as set out in the SFDR in relation to principal adverse impact on sustainability. The table below depicts our approach to the main categories listed in Annex I, table 1 of the CDR:

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS		SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS	
Category	DIF approach	Category	DIF approach
Greenhouse gas emissions	<ul style="list-style-type: none"> • Category is part of ESG Screening Tool • Category is part of ESG Path • Started measuring GHG emissions on selection of investments, post-investment 	Social and employee matters	<ul style="list-style-type: none"> • Category is part of ESG Screening Tool • Category is part of ESG Path • No KPIs tracked
Biodiversity	<ul style="list-style-type: none"> • Category is part of ESG Screening Tool • Category is part of ESG Path • No KPIs tracked 		
Water	<ul style="list-style-type: none"> • Category is part of ESG Screening Tool • Category is part of ESG Path 		

¹ <https://www.dif.eu/wp-content/uploads/2023/06/20230630-DIF-ESG-Policy.pdf>

	<ul style="list-style-type: none"> No KPIs tracked 		
Waste	<ul style="list-style-type: none"> Category is part of ESG Screening Tool Category is part of ESG Path No KPIs tracked 		

Our intention is to expand our approach on these matters and gradually increase the granularity and coverage of our portfolio over time. However, we currently have not set a specific timeframe for considering such adverse impacts in accordance with article 4 (1) of the SFDR.

Remuneration policy

DIF's remuneration policy reflects its objectives for good corporate governance as well as sustained and long-term value creation for the investors in its funds. Performance-based remuneration is awarded in a manner which is consistent with and promotes sound and effective risk management and does not encourage excessive risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the DIF Funds. Non-financial targets in support of performance-based remuneration include KPI's in relation to the use of the "ESG Screening tool" and contributions to the DIF "ESG Path", which integrates sustainability risk in remuneration.

Version control

10 March 2021	Original version
23 December 2022	No material changes: document updated to reflect references to Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 vs. draft Regulatory Technical Standards; updated website link; additional context on remuneration policy.
11 October 2023	Reference to ESG Policy updated.