

# 2020 Responsible Investment Report

## Paving our way to impact management



**CONQUEST**

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## Foreword

The past year has been radically disruptive and impactful. The sanitary crisis has forced us to change our daily habits and put millions of people through hardship. Our industry was not immune, impacted with delays and uncertainty. At the same time, this situation has encouraged us to enlarge our responsible investment approach to rethink our impact and to include wider society as much as possible.

The months we have experienced have led us to even more firmly believe that the power the fiduciary management of funds from institutional investors gives us, is certainly intended to generate competitive returns but also to promote the transition towards a more sustainable economic growth for our societies.

As of this year, we are a committed member of 1% for the Planet, pledging 1% of our turnover to selected non-profit organizations and projects in favor of the environment. This reinforces our engagement towards a more responsible and sustainable society and economy beyond an investment strategy simply enriched with ESG criteria. By joining this organization, we hope to encourage other key stakeholders to join and to commit themselves to actions for a more sustainable world.

We have also developed our internal policy "Conquest for Good", encouraging employees' volunteering activities and donations to provide for the most underserved in society. We hope to contribute significantly to our local communities, and I am proud of our teams' commitments.

From the investment perspective, all our assets have now been submitted to an ESG review, and showcased very positive performances by bringing environmental benefits, restoring previously industrial areas to renewable energy dedicated fields. While an important step was made in 2019 by becoming a signatory of the UNPRI, 2020 has brought a consolidation of our ESG reporting and monitoring activities. Now a full-fledged signatory, we are proud to continue reporting on our transparency and on our ESG performance.

**Frédéric Palanque**  
*Managing Director*



## Who we are

### 1.1 Our activity

As an alternative asset management firm, we invest in and operate long-life, high quality assets and businesses, on behalf of our clients, which range from single-family offices to large family offices to large pension funds. We provide global commerce with critical infrastructure and drive tomorrow's economy with sustainable power.

### 1.2 Our objective

With aligned interest with our investors by investing alongside them, we aim at generating growth and attractive long-term sustainable risk term sustainable risk adjusted returns, in order for them to serve their stakeholders.

### 1.3 What we stand for

#### **O1 WE ARE PASSIONATE ABOUT PERFORMANCE**

We are fully committed in every aspect of the work we do, prizing strong operational expertise, unconventional thinking and an insatiable problem-solving mindset.

Disciplined and astute, we challenge businesses in order to reach higher standards. We strive to deliver superior risk-adjusted returns, while preserving capital, emphasizing downside protection and having a positive impact on society.

#### **O2 WE ARE TRAILBLAZER**

We use technology to think beyond what is possible. We decipher a complex world and drive continuous change to help investors achieve their goals. A thriving culture of innovation lies at the heart of our success.

#### **O3 WE ARE ONE CONQUEST**

We operate the firm as one team, forged by our collaborative technology platform between our diverse teams, to achieve customer-first success.

#### **O4 WE ARE FIDUCIARY TO OUR CLIENTS**

Our clients' objectives become our objectives. From large pension funds to single family-offices, we represent your offices, we represent your voice, your needs and your long-term term investment goals in every decision we make. To ensure our interests are aligned with yours, we invest our capital in nearly every deal we do alongside yours.

The strength of our global reach deep capital resources and operating expertise will back you throughout our investments.

## Key figures

13

EMPLOYEES

EUR 300m

OF ASSETS VALUE

18

INVESTMENTS

151 MW

CAPACITY

277 GWh

ANNUAL PRODUCTION

68,000

HOUSEHOLDS<sup>1</sup>

65,000 t

CO<sub>2</sub>E EMISSIONS  
AVOIDED<sup>2</sup>



<sup>1</sup> Source: Based on data published by the CRE in France, the CREG in Belgium and the Danish Energy Agency in Denmark.

<sup>2</sup> Source: CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions based on ADEME methodology for the French and Danish assets, and partner's methodology for the Belgian assets.

## Our responsibility

Our ESG principles are at the heart of Conquest's operations, and we aim at crafting a business model which we believe will be sustainable well into the future.

### 1.4 Investment Stewardship

As an independent alternative investment management firm, specialized in long-term assets and businesses essential to our society and economy, responsible investment is a core feature of our identity.

At Conquest, we believe that value creation does not preclude environmental and societal sustainable developments. Throughout our operations we are committed to practices that have a positive impact on the communities in which we operate. We believe the financial industry can play a significant role in resolving the weightiest and most imperative issues of the 21<sup>st</sup> century. Conquest is doing its part as a leading infrastructure investor.

### 1.5 Our ESG principles

#### **PRINCIPLE 1 WELL BEING**

Employee well-being is of the utmost importance. We design our rewards and benefits policies to meet or exceed applicable labor laws and standards in jurisdictions where we operate, including offering competitive wages and implementing non-discriminatory hiring practices.

#### **PRINCIPLE 3 IMPACT**

We are invested in long-term sustainable value. We strive to mitigate the environmental impact of our operations, including our carbon footprint and improving the efficient use of scarce resources over time, to the benefit of the communities in which we operate.

#### **PRINCIPLE 5 GOVERNANCE**

Promoting sound corporate governance and operating with high ethical standards by conducting business activities in compliance with applicable legal and regulatory frameworks is part of our values and code of conduct.

#### **PRINCIPLE 2 HEALTH & SAFETY**

Ensuring health and safety of our employees is a top priority at Conquest. We consider health and safety as an integral part of the management of our operations and therefore consider it as a common value to promote our portfolio companies and network of partners, external service providers we work with across the jurisdictions in which we operate.

#### **PRINCIPLE 4 COMMUNITY**

Good and careful engagement with community groups that might be affected by our actions is crucial to ensure their interests, safety and well-being are appropriately integrated in our investment decision process. Conquest encourages employees as well to engage in charitable events and initiatives that contribute to society in powerful ways and bring about change in people's lives.

#### **PRINCIPLE 6 TRANSPARENCY**

As a fiduciary investor, we work on behalf of our clients and are accessible by being responsive for requests for information and timely in communication. We will report on our activities and progress towards implementing online transparency with our investors.

## 1.6 Our engagement – Conquest for Good policy

We partner with selected organisations that pave the way to better job opportunities and financial well-being for the people and families who are most in need. In times of social tension and natural disasters, we act through trusted partners to alleviate suffering and help communities rebuild.

Every day, our employees play a critical role in our commitment to generate a positive social impact in our local communities and around the world.

### O1 NON-PROFIT PARTNERSHIP

This year, we have joined the 1% for the Planet initiative. Through this membership, Conquest gives back 1% of its revenues to support environmental projects.

Once a year, a Conquest “For Good” Committee awards 1% of our turnover to non-profit organizations nominated by team members, as part of our partnership with 1% for the Planet.



### O2 EMPLOYEE-LED INITIATIVES

Giving back is part of our culture. Conquest encourages employees to engage in charitable events and initiatives that contribute to society in powerful ways and bring about change in people’s lives.

#### CONQUEST VOLUNTEERS

Throughout the year, Conquest sponsors volunteer events, such as meal preparation at local food pantries and mentorship opportunities for underserved youth. Every year, Conquest provides each employee with two days of volunteer work.

#### CONQUEST MATCHES

We match out employees’ desire to give back by matching personal donations to eligible organizations, euro for euro, up to EUR 3,000 per year.

## 1.7 Our engagement – Contributing to the public debate

By joining industry-led initiatives and by participating in industry events, we aim at promoting the development of Responsibility principles across the industry and at learning from best market practices.

### O1 INDUSTRY-LED INITIATIVES

Conquest is always keen on participating in industry-led initiatives on responsible investment, as it believes in the mutually beneficial nature of collaboration between industry peers and collective intelligence. In 2020, we have joined the France Invest network, that regroups private equity companies which are committed to values of responsible finance, and we have become a signatory of France Invest Gender Equality Charter.



## **02 PROFESSIONAL EVENTS**

We take the opportunity to speak and join conferences from which we may benefit or can bring value to. In November our managing director was a speaker along with other participants at the Agefi forum in a discussion around the integration of the energy transition in the infrastructure investments, highlighting our ambition to participate in the transition towards a sustainable society and economy. During the year, he participated in other events such as the Global Summit Online, during which the question of the opportunities in energy investments in 2020's as major markets move to decarbonize their energy systems was debated.

### **1.8 Our team**

This year, our teams have been further reinforced with three recruitments. As of the end of December, our Dublin and Paris offices count 13 employees.

To constantly develop the skills of our people, Conquest provides training on various topics depending on the needs:

- as of the end of 2020, all the directors have completed the Corporate Finance module at the London Business School;
- in 2020, specific training was given to the IT team.

In addition, 100% of the management team receives an Anti-Money Laundering training every year.

Training effort on responsible investment is a key component of our strategy to ensure that our teams have a sound understanding of our activity and of our responsibility. Our engagement is reflected in our investment policy and in every step of our processes so that our objectives and values are incorporated at each stage of a transaction and management of assets in portfolio. Following the training given in September 2019, 77% of our employees are trained on ESG topics.

## Responsible Investing

### 1.9 Our investment philosophy

#### **RESILIENCE FROM YIELDING STABLE AND PREDICTABLE CASH FLOW**

The role of government bonds as portfolio ballast has come under scrutiny as the pool of sovereign bonds with negative yields burgeons. This is a particularly thorny challenge for institutions like insurers and pension funds that have liability-matching needs.

#### **LOW CORRELATION WITH PUBLIC EQUITY AND FIXED INCOME MARKETS**

The bulk of the returns is contracted for the medium to long-term and driven primarily by term and driven primarily by onshore wind and solar resources.

#### **POSITIVE AND MEASURABLE SUSTAINABILITY IMPACTS**

The renewable power investment pool contributes to the transition towards a greener economy. Each asset is backed by a particularly robust data set, enabling each investor to measure the impacts of its respective portfolio.

### 1.10 Market outlook

Over the next 30 years, renewable sources of energy are expected to produce two thirds of the worlds' electricity, a trajectory further sealed by the pandemic, spurred by improving economics of renewables, as well as social and political commitments to tackling climate change and reaching net zero.

In developed markets, new electricity demand will arise - triggered by homes, office buildings, and transports switching to an 'all-electric' way of consuming energy - offsetting energy efficiency efforts. In emerging markets, economic and population growth are driving demand for increased overall power generation, the majority of which is expected to be provided by renewables.

As a result, in addition to increasing renewables penetration on power grids globally, massive investments are required across the electricity value chain including energy storage, energy distribution and electrified transport.

## 1.11 Our engagement

### OUR COMMITMENT TO THE UNPRI

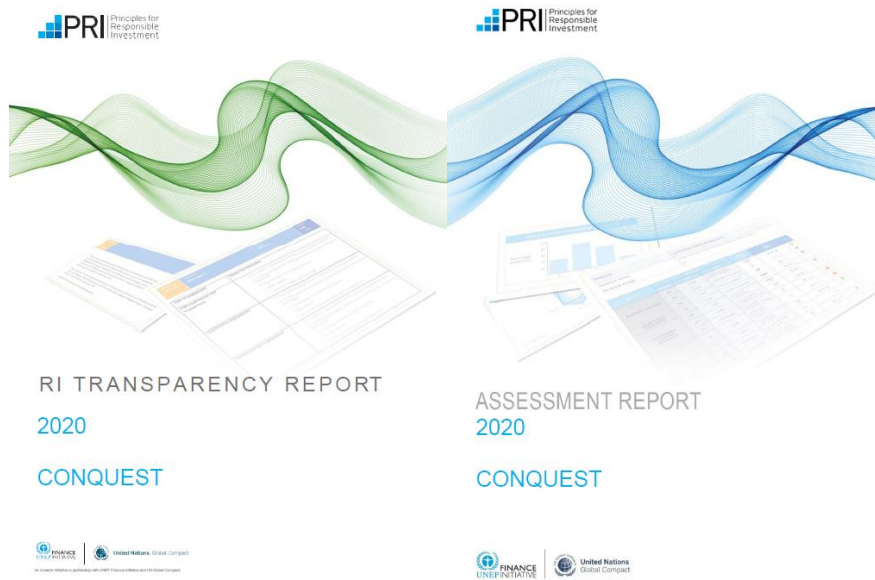
In 2019, Conquest became a signatory of the United Nations' Principles for Responsible Investment (UNPRI). For our first reporting in 2020, we obtained a score of A. This year we will be publishing our second UNPRI transparency report.

Signatory of:



We commit to the following principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.



## 1.12 Our commitment to responsible investing

We consider Environmental, Social and Governance criteria in every aspects of our investments.

### 01 PRE-INVESTMENT

Tailored due diligence to each potential investment, driven by our internal investment team and the use of external consultants where appropriate.

Use of an ESG guideline to ensure consideration of major ESG risks and opportunities related to the assets and/or the stakeholders' part of the potential transaction. This analysis addresses a broad spectrum of matters, ranging from environmental, legal and regulatory compliance to identification of opportunities to add value to mitigate risk in our portfolio.

Detailed memorandum provided to the investment committee highlighting the merits of the considered transaction and disclosures relating risks, including major ESG key findings, and potential mitigation strategies. All investments made by Conquest and approved by the Investment Committee must incorporate ESG considerations into their evaluation, including anti-bribery and corruption, bribery and corruption, health and safety.

### 02 ASSET OWNERSHIP

ESG outlook included in the investment agreement.

ESG risks and opportunities are mapped and prioritized into an integration plan, with clear objectives, key performance indicators and a 100-day post transaction-closing review.

Regular dialogue on ESG issues, which are actively managed by the investment teams, notably as a result of representation on company boards and equivalent oversight bodies where all financial, operational, and strategic matters are addressed, assessed and where appropriate, approved.

### 03 INVESTMENT EXIT

Notes on ESG included in the vendor information memorandum.

Interaction with future owner on the upkeep of ESG key issues and requirements.

**3**

ESG DUE DILIGENCE  
PERFORMED PRE-ACQUISITION

This year, we have conducted ESG due diligence reviews before the closing of a transaction.

**100 %**

OF OUR ASSETS IN PORTFOLIO  
HAVE BEEN SUBMITTED TO AN  
ESG DUE DILIGENCE

After the ESG due diligence accomplished on our French assets in portfolio in 2019, we performed the ESG due diligence of the Belgian portfolio in 2020 after its acquisition in December 2019.

**2**

IMPACT STUDIES POST-  
CONSTRUCTION

In 2020, we analyzed the actual noise and environmental (on birds) impact of our French wind park, in coordination with the local authorities. Following the results of the impact studies, we have restricted some turbines to limit the negative impact the park could have had on neighboring households and on the local fauna.

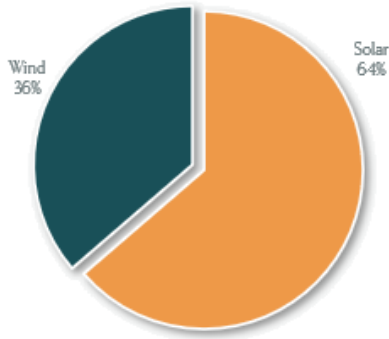


### 1.3 Our portfolio

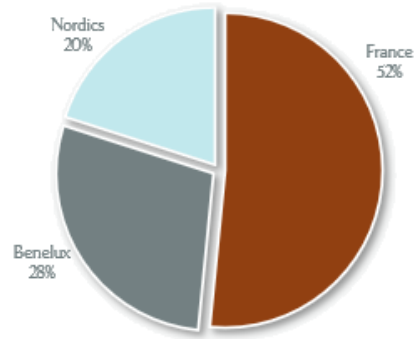
#### 01 OUR PORTFOLIO AT A GLANCE

Over the years, we have started to build a diversified portfolio of wind and solar assets, supporting the energy transition in Europe. As of end of 2020, almost all our assets reached operational phase with only 22 MW of wind under construction.

TECHNOLOGICAL DISTRIBUTION OF ASSETS UNDER MANAGEMENT (% of installed capacity in MW)



GEOGRAPHICAL DISTRIBUTION OF ASSETS UNDER MANAGEMENT (% of installed capacity in MW)



#### 02 ESG PERFORMANCE OF OUR PORTFOLIO



0 High risk of non-compliance through the ESG due diligence



Onshore wind: **54.8 MW**  
Solar PV: **96.1 MW**



**265 GWh** renewable power generation capacity annually



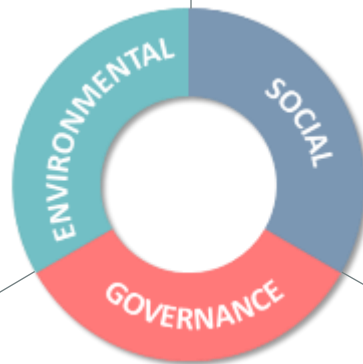
**65,000 tons** of CO<sub>2</sub> equivalent emissions avoided annually<sup>5</sup>



0 LTI (lost-Time Injuries) pre & post construction<sup>3</sup>



**89 %** of employees have a permanent contract<sup>4</sup>



**33 %** of women sitting at the management board of the asset manager

<sup>3</sup> Source: based on available information for solar and wind parks in France

<sup>4</sup> Source: based on available information for solar and wind parks in France

<sup>5</sup> Source: Based on ADEME methodology for the French and Danish assets, and partner's methodology for the Belgian assets

## 1.14 Case study: Solar Park Næssundvej

In 2020, Conquest has invested in a 30 MW solar park in Denmark, developed by the local developer European Energy.

The park is expected to produce c. 33 GWh of electricity per year, avoiding 16,700 tons of CO<sub>2e</sub> each year.

### Preserving biodiversity next to participating to energy transition

As per our investment process, we have conducted an ESG due diligence prior to the acquisition.

It has been highlighted that the site where the park is located was previously used for cultivation of land, with one section being a former mining area. Consequently, the land did not provide good conditions to fauna and flora. The negative impact of the installation of a solar park is therefore limited, and further mitigated by two measures:

- a vegetation belt is built in the edge of the park; and
- grass and herbs will grow, and sheep will be allowed to graze beneath the panels.

The overall impact of the park has therefore been assessed as being positive on the local flora and fauna.

**30**

MWp INSTALLED CAPACITY

**33**

GWh PRODUCED EACH YEAR

**9,000**

EQUIVALENT TO 9,000 LOCAL HOMES POWERED<sup>6</sup>

**16,700**

TONS OF CO<sub>2</sub> EQUIVALENT AVOIDED EACH YEAR<sup>7</sup>



<sup>6</sup> Source: Based on data published by the Danish Energy Agency in Denmark.

<sup>7</sup> Source: Based on ADEME methodology.



CONQUEST Asset Management Sàrl  
121 avenue de la Faïencerie  
L - 1511 Luxembourg

[www.conquest.group](http://www.conquest.group)



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