



Our impact and ESG approach

March 2023



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Sustainability at firm level (TLG)

Governance & Strategy

1. ESG Policy
2. Governance structure – roles and responsibilities
3. ESG Management System
4. ESG training and capacity building

Communication & Transparency

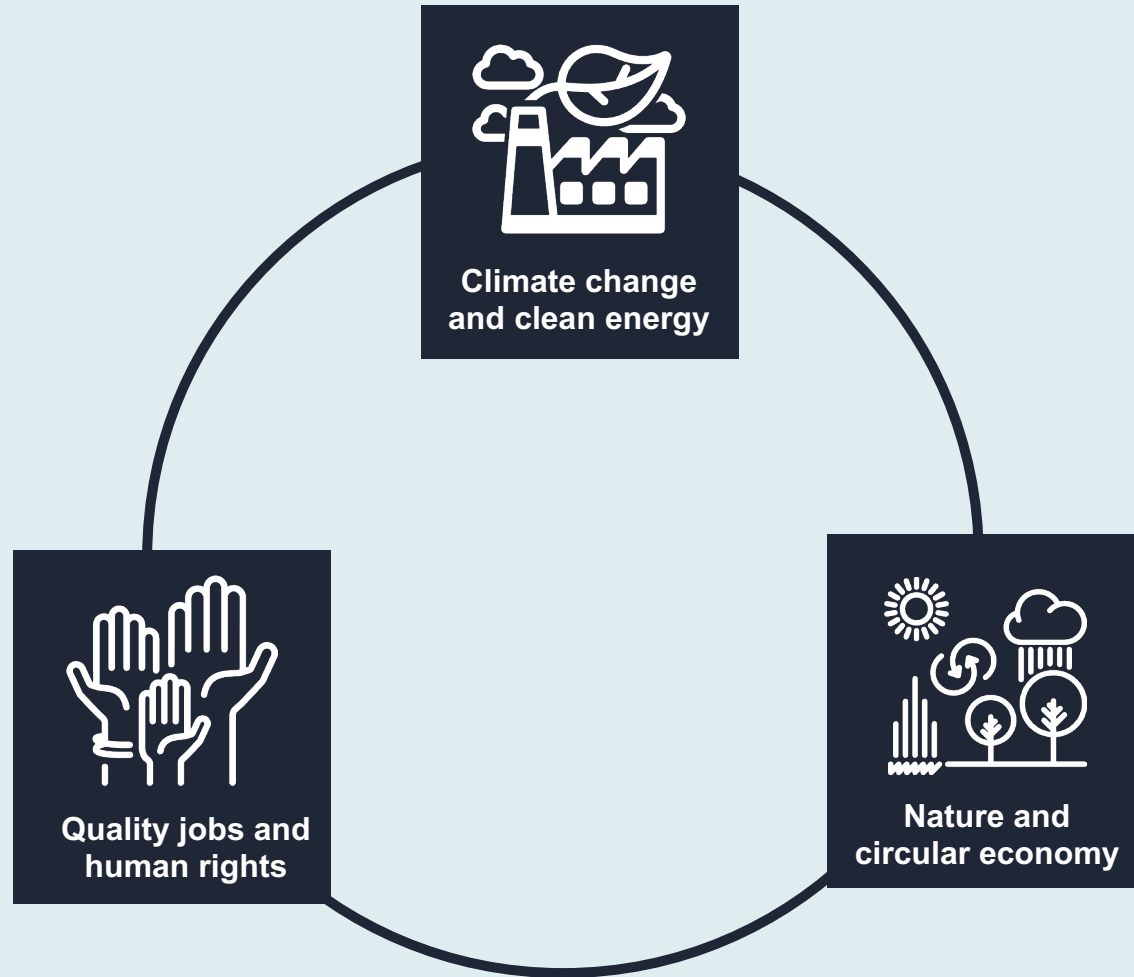
1. Internal reporting and communications
2. Relations with LPs / investors
3. External reporting – website / annual report
4. EU SFDR statements and reporting
5. UN PRI reporting

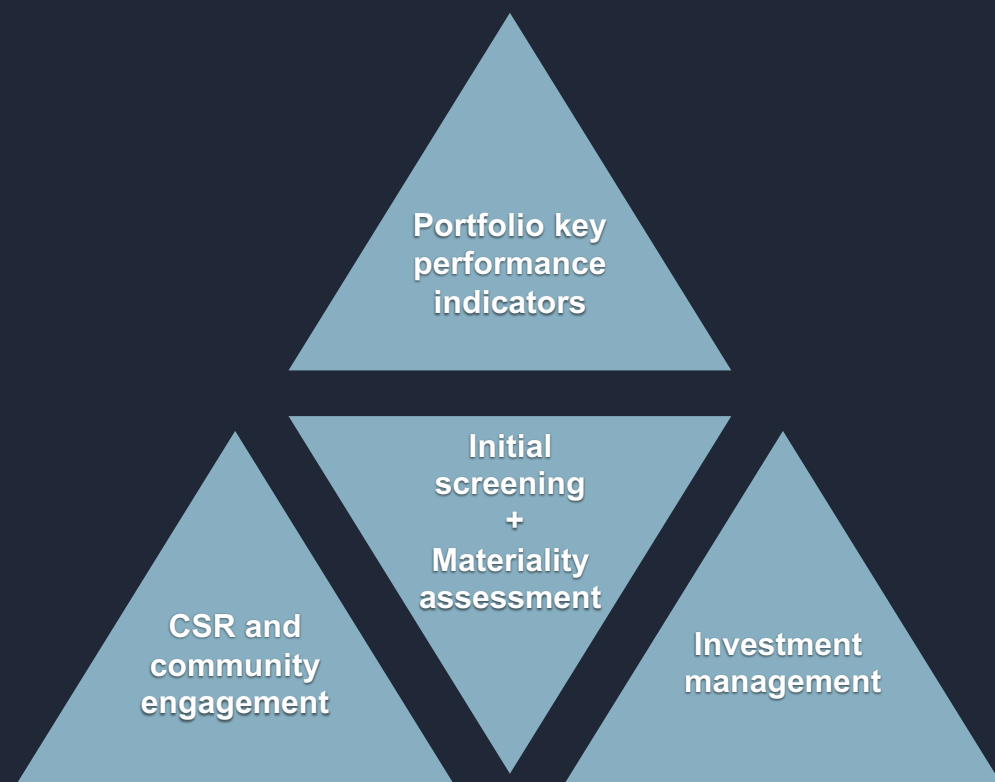
Additional engagement

1. Sustainability at the TLG i.e. internal operations
2. Corporate Social Responsibility – philanthropic activities
3. Advocacy for responsible investment

Sustainability in the investment process

Lifecycle phase	Screening	Due diligence	Ownership	Management	Exit
Activities	Alignment with impact KPIs and values	Assessment of adherence to minimum standards and ESG policies	ESG and impact conditions to be included in financing agreements as appropriate	At least quarterly asset level Reporting on ESG KPIs and PAIs from Investee Companies	Reporting on ESG and impact achievements including scoring
	Risk / opportunity impact assessment	Sector tailored materiality assessment and impact scoring using TLG proprietary tools (incl. supply chain DD)	ESG, impact and value creation plans for approval	Guidance and training for investee company counterparts on sustainability and impact	Vendor due diligence
	Exclusions	Road map to address gaps			
Key Reference Documents	<ul style="list-style-type: none"> • ESG Policy • Sector risk (based on materiality tool) • Due diligence screening checklist (materiality tool) 	<ul style="list-style-type: none"> • Use sector guidance notes (materiality tool) • Review EU SFDR requirements (materiality tool) • Third party due diligence reports 	<ul style="list-style-type: none"> • PAI and impact KPI frameworks • ESG and impact plan templates 	<ul style="list-style-type: none"> • Asset onboarding process • Guidance materials • Quarterly PAI and KPI reporting • Annual ESG questionnaires • Annual ESG assessment 	<ul style="list-style-type: none"> • Vendor due diligence assessment • ESG attainment scoring





- Comprehensive assessment of an investment opportunity using proprietary tools identifying and managing material ESG risk
- Impact delivery is maximized through our active investment management approach
- Impact may be enhanced through community engagement and social responsibility activities that deliver additional ancillary or peripheral impact.
- Portfolio impact KPIs are tailored to communicate headline sustainability contributions

Core

Built into the investment /
business model

Limited in number (5-6)

Tested and practical

Holistic

Intentionally pursued

Environmental, social and
economic aspects captured

Universal

Largely relevant to all investments

Inform investment strategy /
choice of infrastructure assets /
management approach

Beyond KPIs



- Impact measurement related to priority themes can be developed, aiming to evolve into KPIs over time
- KPIs can be complemented with additional positive impact indicators and areas of measurement
 - Core impact indicators particular to individual investments e.g. SDG 12 circular economy through bioenergy from agricultural waste
 - Driven by peripheral or ancillary activities/ programs e.g. SDG 2 / 15 through integrating agriculture at solar plants
- Measurement methodologies for all impact indicators based on established industry standards wherever possible (Global Impact Investment Network IRIS + Catalog of Metrics)

Core	Metric	Unit	Definition	Definition Framework
Renewable Energy (RE)	Installed capacity	MW	Total amount of energy the TLG portfolio can transmit (MW) as of the end of the reporting period	IRIS+. Energy Capacity (PD3764).
	New energy capacity added	MW	Amount of new energy capacity connected to the grid during the reporting period, measured in MW	IRIS+. Energy Capacity Added (PI9448)
	Energy generated for sale	MWh	Amount of energy generated and sold to off-taker(s) during the reporting period	IRIS+. Energy Generated for Sale: Renewable (PI5842)
GHGs	Avoided emissions	CO ₂ e tonnes	Avoided emissions from RE generation = local grid emission factor per MWh multiplied by total RE generated	IFI Joint Methodology for Renewable Energy Accounting approach
Jobs	Jobs in directly financed companies	Number of FTE jobs	Number of full-time equivalent employees working for enterprises financed or supported by the organization as of the end of the reporting period. Aligned with HIPSO Direct Jobs Supported (Operations and Maintenance)	IRIS+. Jobs in Directly Supported/ Financed Enterprises. (PI4874)
New areas of measurement				
Quality of jobs	1. Increased earnings 2. Wealth-building opportunities for local area 3. Career building opportunities for employees / improved job skills for the future	% of staff % of staff Hours	<ul style="list-style-type: none"> % of staff paid a local living wage (where information is available) or average wage in region. Collect data on relative wages. Percentage of employees from vulnerable groups and/or local communities Annual training hours / FTE on topics mandatory for job role, for career progression, and individual interests (3 part score) 	IRIS+. Employees Earning a Minimum Wage or Higher (OI5858) Employee Training and Transition Programs Offered (OI3368)
Resilience	Number of days of service disruptions avoided	Number of days	<ul style="list-style-type: none"> Number of days per year with weather-related service disruption Estimated days per year of extreme weather (EM-DAT database) 	Joint IFI Framework and Principles for Climate Resilience Metrics.

Impact key performance indicators

In practice: having a positive impact in the communities where we invest

Generating clean energy

SolarArise (India)

234 MWp

operational capacity

200 MWp

under construction capacity

NISPI (Philippines)

80 MWp

operational capacity

Agrivoltaics: community
agriculture program with site
workers and contractors



Supporting quality jobs

Wage parity and
inclusive leadership



Fostering excellence

Continuous ESG and
impact improvement



Building resilience

Climate risk assessment
and monitoring

TLG ESG Frameworks

Alignment with

International Financial Corporation
Environmental and Social
Performance Standards

Reflecting our participation in

Principles for Responsible Investment (PRI)
Global Impact Investor Network (GIIN)
Partnership for Carbon Accounting Financials (PCAF)
Task Force on Climate Related Disclosures (TCFD)

Adhering to

The EU Sustainable Finance Disclosure
Regulation and its Aug 22 Regulatory Technical
Standards

EU Green Taxonomy and Screening Criteria

Adapting to evolving technical standards and
guidance

Evolving to reflect to forthcoming developments e.g. UK FCA Sustainability Disclosure Requirements and investment labels, International Sustainability Standards Board Sustainability and Climate Change Disclosure Standards, additional sustainability and climate related disclosure regulations in key markets including Switzerland and USA.



ESG and management systems

- Organizational capacity
- Management systems, policies and procedures
- Permitting, compliance and enforcement
- Emergency response
- ESG data monitoring and reporting
- Stakeholder engagement
- Grievance mechanisms
- Anti-bribery and corruption
- Data and Security



Labour and working conditions

- Labour policies
- Child labour and forced labour systems
- Occupational health and safety
- Fire safety
- Human rights due diligence
- Employee engagement, diversity and inclusion



Resource efficiency and pollution

- Material efficiency
- Energy, water, waste water and waste management
- Hazardous materials management
- Emissions to air
- Soil, groundwater and surface water
- Noise odour and light pollution



Cross cutting themes

- Community health, safety and security – IFC PS 4
- Land acquisition and resettlement – IFC PS 5
- Biodiversity and nature – IFC PS 6
- Indigenous people- IFC PS 7
- Cultural heritage – IFC PS 8
- Climate change – EU Taxonomy alignment, GHG emissions accounting, climate risk assessment

Our approach to ESG

IFC Performance Standards

IFC Health and Safety Standards

SASB and GRESB Materiality Frameworks

EU Principle Adverse Impacts and Green Taxonomy Criteria

Our impact priorities

Clean energy generated

GHG emissions avoided

Quality jobs supported

Circular economy and nature promoted

Community resilience enhanced

Excellence fostered



- Signatory of the Partnership for Carbon Accounting for Financials since December 2022
- Physical climate risk assessments completed for all current infrastructure assets
- Since 2022 supporting investee companies to measure GHG emissions.
- Task Force on Climate Related Financial Disclosures to be published in 2023

Sustainable investment objective

- % of investments with environmental sustainability
- Objective, investment approach and key performance indicators used to assess impact

EU Green Taxonomy

- Electricity generation using adherence with significant contribution criteria for energy
- Adherence with no significant harm (DNSH) criteria related to climate risk, water effluent and biodiversity

Building blocks of Article 9 SFDR pre-disclosures

Investment strategy

- Binding elements.
- Policy to assess good governance of investee companies (management, employee relations, remuneration, tax compliance)

Principle adverse impacts

- PAIs have been incorporated into investee company due diligence
- Proposed approach detailed in the pre-disclosure
- Reporting on mandatory indicators (optional for FMPs under 500 people) required to be published by June 2023.

- 95% minimum investments with a sustainable objective. Remainder is cash or currency hedging only.
- 100% EU Green Taxonomy alignment – Climate Change Mitigation and / or Circular Economy, wherever appropriate.
- Sustainability objective defined in terms of KPIs such as:
 - ❑ Installed renewable capacity – MW
 - ❑ Renewable energy generated – MWh
 - ❑ CO₂ emissions avoided – CO₂e tonnes
 - ❑ Jobs directly supported – Full time equivalent basis
- PAIs and EU Taxonomy considerations fully integrated into investment due diligence and management processes



- Investment manager collects primary data on impact KPIs, ESG metrics and Principle Adverse Impact indicators. Very limited use of proxy data or estimates.
- In house training on systems, engagement around data provided, and quality assurance conducted
- Investment Manager works with asset operators to improve ESG performance and deliver sustainability impact, leveraging on the ground presence across the region



	Indicator	Definition
Greenhouse Gas Emissions	1. GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	2. Carbon footprint	Carbon footprint
	3. GHG intensity of investee companies	GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production	% of non-renewable energy consumption and production of investee companies from non-renewable energy sources compared to renewable energy sources
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
Biodiversity	7. Activities negatively affecting biodiversity sensitive areas	% of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas and which negatively affect those areas
Water	8. Emissions to water	Tonnes of water emissions generated by investee companies per million EUR invested, expressed as a weighted average – ‘water emissions’ means direct nitrates, direct phosphate emissions, direct pesticides emissions, direct emissions of priority substances
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average

	Principle Adverse Impact indicators
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap 'Unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees;
	13. Board gender diversity
	14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

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