

## Pre-contractual disclosure for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088 and Article 5 of Regulation (EU) 2020/852

Product name: ThomasLloyd Energy Impact Trust Plc  
Legal entity identifier: 254900V23329JCBR9G82

### Sustainable investment objective

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**. For the time being, it does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

#### Does this financial product have a sustainable investment objective?

☒ ☒ ☒ **Yes**

- ☒ It will make a minimum of 100% **sustainable investments with an environmental objective:**
- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - ☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy<sup>1</sup>

- ☐ It will make a minimum of **sustainable investments with an social objective: \_\_\_\_%**

☐ ☐ ☐ **No**

- ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_\_% of sustainable investments
- ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- ☐ with a social objective
- ☐ It promotes E/S characteristics, but **will not make any sustainable investments**

<sup>1</sup> The AIFM is currently determining the degree of the portfolio's Taxonomy alignment. Accordingly, there is currently no minimum or maximum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

#### What is the sustainable investment objective of this financial product?

The Company has a triple return investment objective which consists of:

- (i) providing shareholders with attractive dividend growth and prospects for long-term capital appreciation (the financial return);
- (ii) protecting natural resources and the environment (the environmental return); and
- (iii) delivering economic and social progress, helping build resilient communities and supporting purposeful activity (the social return).

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

## ● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

We use metrics which allow us to clearly demonstrate that our investment process and engagement with investee companies can positively influence a number of Environmental and Social factors. We term such metrics 'Sustainability Indicators'. These Sustainability Indicators each align with at least one of the four UN SDG's towards which the Company's investments will directly contribute.

Within the environmental domain, such factors include carbon reduction, biodiversity & land use and water management. Within the social domain, this includes equality & diversity, human rights, health & safety, healthcare and stakeholder engagement. Within the governance domain, this includes anti-bribery & corruption and money laundering. These metrics were selected after analysis by internal and/or external experts and in consultation with third-party assurance providers. Examples are provided below.

### **Carbon Reduction – emissions avoided measurement**

The aim of the indicator is to quantify the emissions avoided in a given time period through the generation of renewable energy. The methodology is applied only to actual, or estimated, export of energy by renewable generators. Emissions avoided are calculated by multiplying the total energy exported by the emission factor of the grid the energy was exported to. This estimates the amount of emissions avoided by diverting funds to renewables as opposed to generation from non-renewables sources.

### **Biodiversity & land use – policy indicator**

The aim of the indicator is to assess the impact of our investments on environmental outcomes including biodiversity, wildlife and habitat and also, where relevant, social outcomes. Impacts on biodiversity and habitat may affect risks with respect to regulation and future liabilities. The same is true where land was previously employed for a use which had positive social outcomes. The indicator is measured based on having a policy, the robustness of that policy, adherence with that policy, and where material risks exist, requiring the company to report on specific biodiversity and habitat metrics.

### **Water Management – Water usage measurement & policy indicator**

This indicator is measured through ensuring an appropriate policy is in place for the operations of the investee company related to Water Management. Where relevant, we may also ask companies to measure water usage, particularly for sites located in areas of high or extremely high water stress.

### **Equality & Diversity – policy indicator**

This indicator is measured through policy alignment with fundamental International Labour Organisation (ILO) conventions and confirmation of adherence to those policies. Assessment is also made against equality and diversity metrics including gender pay gap and gender ratio.

### **Human Rights – policy indicator**

This indicator is also measured through policy alignment with fundamental ILO conventions and confirmation of adherence to those policies.

### **Health & Safety – Lost Time Injuries (LTI's) & policy indicator**

This indicator is measured through a requirement to have a robust health and safety policy in place and confirmation of adherence to this policy. Our investee companies are also required to report LTI's. This is defined as the number of work-related injuries which cause the injured person to be absent from work for at least one normal shift after the event because of unfitness to perform required duties.

### **Stakeholder engagement – qualitative indicator**

This indicator is qualitative and includes engagement activities, such as Corporate Social Responsibilities (CSR) with the local community.

### Healthcare – policy indicator

This indicator requires a healthcare policy to be in place and for annual adherence to that policy to be confirmed.

### General Governance – qualitative indicator

The indicator requires sound governance practices to be in place. Robust policies and controls are required to mitigate governance risk and improve the overall governance of the organisation.

### Anti-bribery and Corruption – policy indicator

The indicator requires robust policies to be in place across anti-bribery and anti-corruption areas. Annual adherence to such policies is required.

### ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

Our investments are made to deliver economic and social progress, help build resilient communities and to support purposeful activity, whilst protecting natural resources and the environment.

Investments are made against an ESG framework which measures ESG risks, and these are monitored and managed continuously through the life of the investment to ensure that investments do no significant harm.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Investment Manager applies the Principal Adverse Impacts from SFDR. The application of this framework is designed to evidence that investments do no significant harm to any environmental or social objective and that investee companies have sound governance practices in place.

*How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

Sustainable investments are aligned with both the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

### ***Does this financial product consider principal adverse impacts on sustainability factors?***

☒ Yes

The Investment Manager applies the Principal Adverse Impacts from SFDR. The application of this framework is designed to evidence that investments do no significant harm to any environmental or social objective and that investee companies have sound governance practices in place.

☐ No

### ***What investment strategy does this financial product follow?***

The Company seeks to achieve its investment objective by investing directly in a diversified portfolio of sustainable energy infrastructure assets in the fast-growing and emerging economies in Asia. The assets will be unlisted Sustainable Energy Infrastructure Assets in the areas of renewable energy power generation, transmission infrastructure, energy storage and sustainable fuel production, including utilising different technologies to reduce revenue variability.

The Company aims to generate additional value for its investors through focusing its investments on construction-ready or in-construction projects. The Company only invests in such pre-operational assets where: (i) an offtake agreement has been entered into; (ii) the land on which the project is situated is identified or contractually secured where appropriate; and (iii) all relevant permits have been granted. Offtake agreements will typically benefit from long-term fixed-price power purchase agreements, capacity contracts or other similar revenue contracts with creditworthy (primarily investment grade) private and public sector buyers.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

Gearing will be employed only at the level of a Project SPV or intermediate holding company and without recourse to the Company. The aggregate external long-term debt employed across all Project SPVs and intermediate holding companies will not typically exceed 65 per cent of Gross Asset Value on an unlevered, discounted cash flow basis, with the Company targeting below 50 per cent in the medium term. The Company expects all such debt finance to be denominated in the currency of the relevant Sustainable Energy Infrastructure Asset or US Dollars to help offset any foreign currency exposure. In addition, borrowings will typically be amortising over the term of the associated offtake agreement.

The Company will only invest in assets denominated in currencies which can be freely converted or where, with central bank registration, the dividends and sale proceeds from any investment are freely convertible, transferable and repatriable. Whilst the Company will not pursue long term currency hedging, the Investment Manager will normally provide full hedging cover to the US Dollar for all anticipated dividends for at least the two subsequent financial years on a rolling basis. Where available, local currency debt facilities held at the project SPV level are in the same currency as the offtake agreement, which provides a natural offsetting hedge. The Investment Manager also includes prevailing assumptions on annualised currency depreciation in its financial projections, such that any such projections are already adjusted for this anticipated change in currency value.

The Company will only invest in countries which the Investment Manager considers as having a stable political system, a transparent and enforceable legal system and which recognise the rights of foreign investors.

### ● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

There are a number of elements of the investment strategy which are considered binding, and whilst the full list are included within the prospectus, those most relevant for attaining the sustainability objective are as follows:

- The fund will only invest in Sustainable Energy Infrastructure Assets situated in the fast-growing and emerging countries in Asia
- Countries are also screened against criteria including, the Transparency International Corruption Perceptions Index, World Bank Ease of Doing Business Index, and Bertelsmann Stiftung's Transformation Index (BTI)
- The fund will only invest in countries, which the Investment Manager considers as having a stable political system, a transparent and enforceable legal system and which recognise the rights of foreign investors
- The Investment Manager will apply exclusion criteria during the investment process to ensure there is no exposure to fossil fuel power generation, production and trade of armaments, weapons of war and illegal and outlawed products, activities in gambling or pornography nor any activity which may be considered to violate human and labour rights in accordance with the Investment Manager's human rights policy.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

### ● ***What is the policy to assess good governance practices of the investee companies?***

Investments are made against an ESG framework which measures ESG risks, and applies the Principal Adverse Impacts from SFDR. The application of this framework is designed to evidence that investments do no significant harm to any environmental or social objective and that investee companies have sound governance practices in place.

Bottom-up exclusions are made by screening at the level of the potential investment. This includes analysis of the operational activities of the company and the track record, affiliations and good-standing of the investment sponsors. The criteria include but are not limited to:

Good corporate governance including:

- Compliance with international accounting and reporting standards
- HR policies, including non-discrimination and fair pay
- Health and Safety standards and worker protection
- Social impact of goods and services

- Anti-Money Laundering and prevention of bribery and corruption policy

Governance practices of investee companies are assessed through the investment due diligence phase of our investment process and continuously thereafter by the Investment Manager. During the initial investment due diligence phase an assessment is made of the corporate governance against a number of governance factors, alongside recommendations to improve governance where required.

Governance factors include Board Structure and Composition, Compliance with International Accounting Standards, Compliance with controls, processes, laws and regulations, Compensation, and Anti-Bribery and anti-corruption practices.

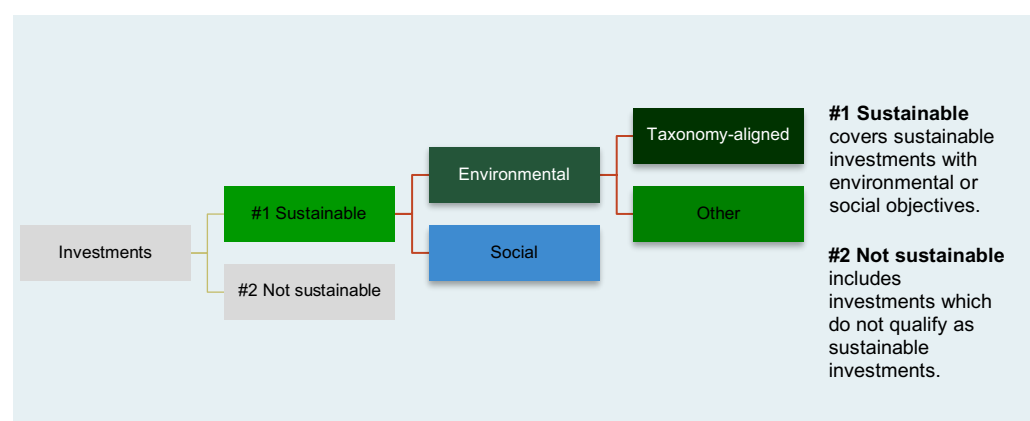
**Asset allocation** describes the share of investments in specific assets.

### ***What is the asset allocation and the minimum share of sustainable investments?***

The Company will only make investments in sustainable infrastructure. The Company intends to publish the asset allocation profile in the annual report.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



### ● ***How does the use of derivatives attain the sustainable investment objective?***

Not applicable – derivatives may be used for hedging purposes but not for investment purposes.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

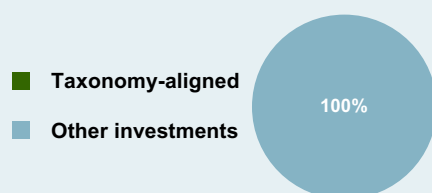
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**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

*The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-alignment of investments including sovereign bonds\*



2. Taxonomy-alignment of investments excluding sovereign bonds\*



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

## What is the minimum share of investments in transitional and enabling activities?

There is no minimum or maximum share of transitional and enabling activities.



are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

As noted above, the AIFM is currently determining the degree of the portfolio's Taxonomy-alignment. Accordingly, there is currently no minimum or maximum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

## What is the minimum share of sustainable investments with a social objective?

There is no minimum or maximum share of sustainable investments with a social objective.

## What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

With the exception of cash and cash equivalents used for treasury management and derivatives used for hedging, we do not expect any investments to be included under “#2 Not sustainable”.

## Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

There is currently no specific index designated as a reference benchmark.

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

Not applicable.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ***How does the designated index differ from a relevant broad market index?***

Not applicable.

**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

[www.tlenergyimpact.com](http://www.tlenergyimpact.com)