Annycent Clean Energy SCSp

Sustainability-related disclosures

[December 2022 – version 1]

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a) Récapitulatif

Annycent Clean Energy SCSp (ci-après dénommé « Annycent Clean Energy » ou le « Fonds ») est un fonds luxembourgeois constitué en société en commandite spéciale (SCSp). Annycent Managers SàRL (« Annycent Managers » ou le « General Partner ») agit en commandite du Fonds, habilité gestionnaire de fonds d'investissement alternatif en dessous du seuil conformément à la loi luxembourgeoise du 12 juillet 2013.

La mission d'Annycent Clean Energy est de déployer des capitaux, principalement privés, dans les marchés émergents, dans des projets d'énergies renouvelables selon une stratégie innovante qui produira des taux de rendements ajustés au risque, renforcera la croissance du secteur, apportera une contribution substantielle à l'atténuation du changement climatique conformément au Programme de développement durable à l'horizon 2030 des Nations Unies et à l'Accord de Paris, et obtenant un impact environnemental positif quantifié dans les pays et communautés d'accueil des projets (ci-après dénommé « objectif d'investissement durable »).

Le Fonds réponds aux critères de l'article 9 du Règlement (UE) 2019/2088 du Parlement européen et du Conseil du 27 novembre 2019 sur les informations relatives à la durabilité dans le secteur des services financiers (« SFDR »).

L'objectif d'investissement durable du Fonds contribue également à l'objectif d'atténuation du changement climatique tel que défini à l'article 9 du règlement (UE) 2020/852 du Parlement européen et du Conseil du 18 juin 2020 établissant un cadre pour faciliter les investissements durables (le « Règlement taxonomie »).

Le Fonds a pour objectif de réduire les émissions de carbone et son objectif d'investissement durable est conforme aux objectifs à long terme de l'Accord de Paris sur le climat en matière de réchauffement planétaire. Néanmoins, compte tenu des régions cibles du Fonds et des spécificités de la stratégie d'investissement, il n'existe pas encore de référence de transition climatique de l'UE ou d'indice de référence de l'UE aligné sur l'accord de Paris disponible pour le Fonds. Aucun autre indice de référence n'a été identifié aux fins de la réalisation de l'objectif d'investissement durable.

Les investissements du Fonds (les « Investissements durables ») prendront la forme d'investissements directs (par co-investissements dans des projets existant et de co-investissements dans des projects en développement et construction) et indirects (par le biais de plateformes de sociétés de développement de projets).

Annycent Clean Energy croit en la force synergétique de la durabilité financière, environnementale et sociale. Afin d'accroître la confiance des investisseurs dans la classe d'actifs des énergies renouvelables des marchés émergents, l'impact généré par le Fonds est mesuré de manière transparente et rapporté au moyen d'indicateurs clés de performance (« KPI ») appropriés. Le Fonds met en œuvre un cadre de gestion et de mesure de l'impact (IMM) conforme aux Principes opérationnels pour la gestion de l'impact et aux Principes pour l'investissement responsable des Nations Unies.

Glossaire:

- On entend par **« garanties minimales** » les principes et droits énoncés dans (i) la Déclaration de l'Organisation internationale du Travail relative aux principes et droits fondamentaux au travail, (ii) la Charte internationale des droits de l'homme, (iii) les Principes directeurs des

Nations Unies relatifs aux entreprises et aux droits de l'homme et (iv) les Principes directeurs de l'OCDE à l'intention des entreprises multinationales.

- « **Incidence négative principale** », une incidence négative des décisions d'investissement (i) sur le climat ou sur d'autres facteurs de durabilité liés à l'environnement, et (ii) sur les facteurs de durabilité sociaux, sociaux, liés aux employés, aux droits de l'homme, à la lutte contre la corruption ou à la corruption, tels que mesurés par des indicateurs spécifiques décrits à l'annexe I du règlement délégué (UE) 2022/1288 de la Commission du 6 avril 2022 complétant le RDD par des normes techniques de réglementation, tel que modifié de temps à autre.
- «**Risque de durabilité** ou **risque ESG** » désigne un événement ou une condition environnementale, sociale ou de gouvernance qui, s'il se produit, pourrait avoir une incidence négative importante réelle ou potentielle sur la valeur d'un investissement.
- « **SFDR** » désigne le règlement (UE) 2019/2088 du Parlement européen et du Conseil du 27 novembre 2019 sur la publication d'informations relatives à la durabilité dans le secteur des services financiers.
- « **règlement taxonomique** », le règlement (UE) 2020/852 du Parlement européen et du Conseil du 18 juin 2020 établissant un cadre pour favoriser les investissements durables.

a) Summary (English)

Annycent Clean Energy SCSp (referred to herein as "**Annycent Clean Energy**" or the "**Fund**") is a Luxembourg fund incorporated as a *société en commandite spéciale* (SCSp). Annycent Managers SàRL ("**Annycent Managers**" or the "**General Partner**") acts as the Fund's general partner, qualifying as sub-threshold alternative investment fund manager pursuant to the Luxembourg law of 12 July 2013.

The mission of Annycent Clean Energy is to deploy predominantly private capital in emerging market investments focused on renewable energy projects using an innovative strategy that will generate superior risk-adjusted returns, catalyse sector growth, make a substantial contribution to Climate Change Mitigation in alignment with the UN 2030 Agenda for Sustainable Development and the Paris Agreement, and achieve measured, positive environmental impact in asset host countries and communities (hereinafter referred to as the "**Sustainable Investment Objective**").

The Fund qualifies as an article 9 under the 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 ("**SFDR**").

The Sustainable Investment Objective of the Fund also contributes to the Climate Change Mitigation objective as defined in Article 9 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "**Taxonomy Regulation**").

The Fund has a reduction in carbon emissions as its objective and its Sustainable Investment Objective is in line with the long-term global warming targets of the Paris Climate Agreement. Nevertheless, considering the Fund's target regions and specifics of the investment strategy, there is not yet an EU Climate Transition Benchmark or EU Paris-aligned Benchmark available for the Fund. No other reference benchmark has been designated for the purpose of attaining the Sustainable Investment Objective.

The investments of the Fund (the "**Sustainable Investments**") will take the form of both direct (through secondary co-investments and greenfield co-investments) and indirect (through regional developer platforms) entry points.

Annycent Clean Energy believes in the mutually reinforcing strength of financial, environmental and social sustainability. To broaden investor confidence in the emerging market renewable energy asset class, impact generated by the Fund is transparently measured and reported through appropriate key performance indicators ("**KPIs**"). The Fund implements a best market practice Impact Management and Measurement ("**IMM**") framework aligned with the Operating Principles for Impact Management and UN Principles for Responsible Investment.

<u>Glossary:</u>

- "**Minimum Safeguards**" mean the principles and rights set out in (i) the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, (ii) the International Bill of Human Rights, (iii) the UN Guiding Principles on Business and Human Rights and (iv) the OECD Guidelines for Multinational Enterprises.
- "**Principal Adverse Impact**" means an adverse impact of investment decisions (i) on climate, or on other environment-related sustainability factors, and (ii) on social, employee, human rights, anti-corruption or anti-bribery sustainability factors, as measured by specific indicators outlined in Annex I of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022

supplementing the SFDR with regard to regulatory technical standards, as may be amended from time to time.

- "**Sustainability Risk or ESG Risk**" means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.
- "**SFDR**" means 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.
- "**Taxonomy Regulation**" means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

b) No significant harm to the sustainable investment objective

The Fund commits to mitigate the negative impacts of its Sustainable Investments by implementing best market sustainability practises across its investment process. Sustainable Investments are screened, assessed, and monitored against:

- The Harmonized EDFI Exclusion List and BII Fossil Fuel Policy (the "**Exclusion List**")
- The IFC Performance Standards ("**IFC PS**") including ESG risks
- The World Bank Group General and sectoral Environmental, Health, and Safety Guidelines ("**EHSGs**")
- Impact Management Platform
- Principal Adverse Impacts ("**PAIs**")
- Minimum Safeguards
- Good Governance practices

(i) <u>Consideration of PAIs:</u>

Annycent Clean Energy considers Principal Adverse Impacts on sustainability factors throughout its investment value chain. The Fund screens and assesses its investees against PAIs during the screening and due diligence phase of the investment process to determine the baseline. In parallel, relevant actions and / or targets are agreed in cooperation with its investees to address identified issues and support performance monitoring. Where appropriate, these requirements will be formalised in an Environmental and Social (and Governance) action plan (typically referred to as an "ESAP").

The General Partner of the Fund is progressively implementing a consistent approach to collect data on the 14 mandatory PAI indicators and the selected optional PAI indicators. The General Partner will not knowingly approve any investment which could reasonably be expected, or is determined, to do significant harm to the Sustainable Investment Objective of the Fund.

The General Partner will engage with the Fund to capture relevant PAIs data for the first PAIs reporting period (year 2023, reported in June 2024) and to ensure that data on PAIs regarding the investees is collected on periodic basis thereafter depending on the investees' capacity to report and the availability of proxies where needed.

This collective work between the General Partner and the Fund will result in the creation of a proprietary reporting tool that will be used for the first PAI indicator reporting in June 2024. The reporting tool will be part of the Fund's periodical reporting requests to ensure that the Fund is able to report annually on PAI indicators to its governing bodies and investors. As soon as practicable and depending on the investee's capacity to report, the reporting will also be included in the standard due diligence package to start each investment with a baseline on PAI indicators presented to the investment committee of the Fund.

Absence of investee data is expected for a few PAI indicators given the nature, sector and geography of the Fund's investments. Nonetheless, in the spirit of SFDR, the Fund will endeavour to capture all required PAI data, but where any mandatory PAIs cannot be obtained, the Fund will report on estimates through using tailored appropriately representative PAI proxy indicators.

In addition, considering the investment strategy of the Fund, the General Partner has selected for reporting the following optional indicators among those listed in the Tables 2 and 3 of Annex 1 of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing the SFDR with regard to regulatory technical standards:

- Additional Environmental PAI Indicator: Natural Species and Protected Areas
- Additional Social PAI Indicator: Rate of Accidents

(ii) Alignment with minimum safeguards:

Annycent Clean Energy recognizes its duty to protect Human Rights as enshrined in international human rights law. The Fund aligns its Sustainable Investments with the UN Guiding Principles on Business and Human Rights by implementing the IFC PS and World Bank Group's EHSGs, incorporating human rights due diligence for its potential Sustainable Investments.

The Fund's due diligence assesses its potential investments against the International Bill of Human Rights and the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO). Moreover, the Fund includes indigenous and community rights assessment as these are closely linked to the types of projects financed by the Fund.

Given Annycent Clean Energy's Sustainable Investment products, the nature of the investments and its implementation of the UN Guiding Principles on Business and Human Rights, the Fund has assessed that the OECD Guidelines for Multinational Enterprises are not directly applicable to its operations. Nonetheless, the Fund considers the framework's key principles by assessing its investees against good governance practices alongside environmental and social aspects.

The Fund monitors investees' compliance to the Minimum Safeguards on an ongoing basis as further outlined in its Environmental and Social Management System ("**ESMS**"), available upon request.

c) Sustainable investment objective of the financial product

The mission of Annycent Clean Energy is to deploy predominantly private capital in emerging market investments focused on renewable energy projects using an innovative strategy that will generate superior risk-adjusted returns, catalyse sector growth, make a substantial contribution to Climate Change Mitigation in alignment with the UN 2030 Agenda for Sustainable Development and the Paris Agreement, and achieve measured, positive environmental impact in asset host countries and communities (hereinafter referred to as the "**Sustainable Investment Objective**").

The Sustainable Investment Objective of the Fund takes an environmental facet contributing to Objective 1 of the Taxonomy Regulation – Climate Change Mitigation – in alignment to the Paris Agreement.

The Fund's Sustainable Investments actively contribute to the Sustainable Investment Objective in alignment to the UN Sustainable Development Goals ("**SDGs**") by creating positive climate outcomes such as emissions avoidance by assembling a portfolio of primarily small- to medium-sized renewable energy projects and taking investment positions in regional developer partner organisations that are working towards similar aims.

d) Investment strategy

Sustainable Investment will take the form of both direct (through secondary co-investments and greenfield co-investments) and indirect (through regional developer platforms) entry points.

Annycent Clean Energy believes in the mutually reinforcing strength of financial, environmental and social sustainability. To broaden investor confidence in the emerging market renewable energy asset class, impact must be transparently measured and reported through appropriate key performance indicators ("**KPIs**") as further described in section f) below.

In this line of thought, the Fund implements a best market practice Impact Management and Measurement ("**IMM**") framework aligned with the Operating Principles for Impact Management and UN Principles for Responsible Investment.

The Fund assesses investees against the environmental and social safeguards defined in the SFDR and Taxonomy Regulation: ILO Declaration of Fundamental Principles and Rights at Work, the International Bills of Human Rights and the UN Guiding Principles on business and Human rights.

As outlined in its ESG Policy and ESMS, the Fund seeks to create positive climate impact outcomes while assessing and managing ESG risks/impacts related to its operations.

The Fund:

a) excludes investments as per EDFI Exclusion List and BII Fossil Fuel Policy
b) undertakes its own due diligence of proposed investments, proportionate to the nature as well as potential significance of the ESG social risks/impacts related to those investments
c) assesses investees as per:
    i. Minimum Safeguards
    ii. Good Governance Practices
    iii. Adherence to Principal Adverse Impacts and KPIs
d) in case of identified gaps or additional mitigation measures needed, develops a tailored Environmental and Social Action Plan ("**ESAP**")
e) agrees with investees on the ESG conditionalities ("**ESG Covenants**") they need to commit to in order to meet the Fund's required standards
f) monitors investments progress in the implementation of the ESAP and ESG Covenants.

The binding eligibility criteria assessed during the investment process to ensures Sustainable Investments' alignment to the Fund Sustainable Investment Objective include:

- EDFI Exclusion List and BII Fossil Fuel Policy (as outlined above)
- The IFC Performance Standards including ESG risks
- The EHSGs
- PAIs indicators
- Minimum Safeguards
- Good Governance practices

Alongside the above ESG requirements, investees will have to adhere to the ESG Covenants and ESAP. Further information on investment parameters can be found in the ESG Policy and ESMS.

Any investment opportunity requires approval from the Fund's Investment Committee as well as a recommendation from the Head of ESG of the Fund.

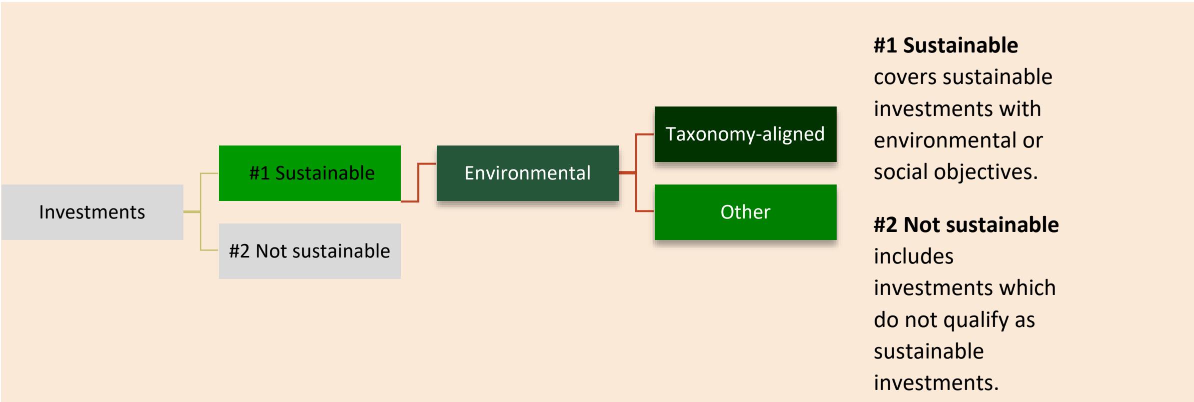
The Fund evaluates investees' good governance practices through a corporate governance assessment during the due diligence stage, which sets the overall corporate governance risk of the investee, including:

- The Commitment to Corporate Governance
- Structure and Functioning of the Board of Directors
- Control Environment and Processes
- Transparency and Disclosure
- Shareholder Rights

Such assessment comprises several questionnaires and a matrix that is indispensable to the investment process. A standard corporate governance assessment is designed to first identify the corporate governance risk profile of the investee to define the team involved and the applicability of an enhanced or formal corporate governance assessment. The corporate governance assessment produces a quantitative and qualitative report, forming the basis of all investment decisions.

e) Proportion of investments

Whilst the fund expects that all investment activities will be aligned to the Sustainable Investment Objective, when considering the overall fund asset allocation, Annycent Clean Energy expects a minimum of 80% of sustainable investments in alignment to the Sustainable Investment Objective.



The Fund's share of assets that is not invested in "Sustainable Investments" is composed of other operational expenditure requirements including, but not limited to cash management and hedging instruments. The amount of cash held by the Fund does not affect the delivery of the Sustainable Investment Objective even if does not directly contribute to its achievement and serves a pure liquidity purpose. Annycent Managers may also implement hedging techniques designed to protect the Sustainable Investments against material fluctuations in the exchange rate between the currency of the Fund and the currency in which Sustainable Investments are made. In addition, the Fund may (on an opportunistic or incidental basis) consider the use of specific types of derivatives, for example in the context of carbon credits or financing of innovative instruments, that would provide added value to the Sustainable Investment Objective. The use of such derivatives does not affect the delivery of the Sustainable Investment Objective.

The Fund has been incorporated on 08 November 2022 and no investments have been made in 2022. Therefore, the Fund will strive to meet or demonstrate progress toward the Taxonomy Regulation requirements and will report the degree of Taxonomy-alignment of underlying investments when investments will take place.

f) Monitoring of sustainable investment objective

Annycent's IMM system will use the following targeted KPIs to evaluate and evidence its progress in achieving the Sustainable Investment Objective and additional market development, gender and community development impact outcomes.

The attainment of the Sustainable Investment Objective is measured by monitoring and reporting the following KPIs:

Direct Impact Objectives		***KPI***	***UNIT***	***SDG***
Deploy investor capital to create positive climate outcomes (Emissions Avoidance)	*Assemble a portfolio of primarily small- to medium-sized renewable projects in the 25 MW to 200 MW range with a heavy weighting (50-60%) on yield-generating operating assets and a target of c.2GW.*	*Total installed renewable energy capacity (including secondaries)*	*MW*	*SDG 7.b.1 – Affordable and Clean Energy*
		New installed capacity (direct and indirect greenfield)	*MW*	*SDG 7.b.1 – Affordable and Clean Energy*
		Clean Electricity Generated	*GWh*	*SDG 7.1 – Affordable and Clean Energy*
		Carbon Dioxide avoided	*Mt*	*SDG 13.2.2 – Climate Action*
	Investment positions in, and enhance existing strategic relationships with, regional developer partners	*Executed investments in development partner countries*	*Number*	*SDG 7.a – Partnership for the Goals* *SDG 17.7 – Partnership for the Goals*

Annycent will work with partners to embed long-term sustainable development outcomes for the host communities around investee assets. Additional KPIs will therefore be used to measure the supplementary social and economic impact outcomes generated by the Sustainable Investments including but not limited to: number of gender labor policies promoted (SDG 5), volume of trainings provided/supported in USD (SDG 4), number of direct and indirect jobs created (SDG 8).

Further KPIs may be identified and monitored on a case-by-case basis depending on the context of individual investments.

The Fund will report and disclose ESG and impact data and performance in a number of ways, both internally and externally, including:

1) *<u>Internally (to Annycent Managers, shareholders and LPs):</u>*

- Quarterly internal reporting will include ESG and impact KPIs (including SFDR PAIs) and highlight any challenges or opportunities.
- Board meetings will include a standing item on ESG and impact.
- Annual (internal) ESG report, including:
  - a structured evaluation of performance against the Sustainable Investment Objective, PAIs and supplementary impact outcomes, in line with the IMM system;
  - a record of any significant ESG non-compliance (with remedial actions where appropriate), and a report of any changes to the ESG policies, systems or teams.

2) *<u>Externally:</u>*

- Precontractual, website and marketing disclosures defining Sustainable Investment Objective, policies/procedures and approach for managing sustainability risks and PAIs; and,
- Annual public disclosures: Annual ESG and Impact report aligned to SFDR requirements will be issued to highlight the measured systemic impact of Annycent's investments to external stakeholders. The publication of quantitative indicators will allow clear measurement of progress against our impact targets.
- As a commitment to continuous improvements, from time to time (likely on a biannual basis) the Fund will arrange for an external audit of its ESG and IMM framework by appropriately qualified / certified parties and implement agreed actions for improvement or innovation where needed.

g) Methodologies

The Fund applies the Impact Management Platform's Five Dimensions of Impact to define impact intent and processes required to create impact. The impact scoring and tracking system will apply industry metrics (for example HIPSO and IRIS+), supplemented with proprietary indicators if needed.

The fund will apply (and work with investees to apply) the International Financial Institutions (IFI) Framework for a Harmonised Approach to Greenhouse Gas Accounting for determining avoided greenhouse gas emissions which form the primary KPIs for the Sustainable Investment Objective.

h) Data sources and processing

The Fund sources and processes its data on Sustainable Investments as outline in the table below:

Data sources	Data coming directly from investees including E&S documentation, quantitative progress reports, site visit surveys and interviews, sampling, informal progress reports, agreements, registers, records, workshops, public data, proxies when data is not available. Public data may involve for example information provided by national governments (for example grid emissions factors) and / or international bodies or institutions (for example benchmarking providers).
Data quality	Data quality is determined by review of investee ESG management systems and capacity, which is then verified during annual site visit audits by the Head of ESG. Where issues are identified with data, actions will be agreed to address the identified problem.
Data processing	Data will be obtained from investees and processed by the head of ESG beginning with baseline at the beginning of the project or investment and through the post-investment phase monitoring and reporting activities. Processing of certain types of data may use accepted methodologies (for example calculation of carbon footprint and avoided emissions).
Data proportion	100% of the data come from the Fund's portfolio for KPI coverage. For PAI reporting, it is anticipated that at least 90% will be hard data, though this will be confirmed during data collection for the first reporting period and the use of proxies for a small number of PAI indicators may be required.

i) Limitations to methodologies and data

Due to the investment strategy of the Fund, the types of investments, as well as target countries of investment, key limitations to the methodologies and data used to analyse the attainment of the Sustainable Investment Objective are (i) availability of data, and (ii) quality of data covering the full range of PAIs data points and other KPIs.

Where publicly available data sets are used, the timing of updates to data sets could result in the use of aging data if updates are not well maintained.

j) Due diligence

All transactions go through sourcing, screening, due diligence, and investment decision stages before they are approved and executed. ESG risks (including PAIs, minimum safeguards and good governance practices) and opportunities are integrated into the investment process from the very beginning of sourcing as early understanding and mitigation of ESG risks is essential for successful deal execution.

The level of exposure to ESG risk depends on how well associated processes are implemented across the asset life cycle. Successful implementation depends on strong leadership, high quality ESG standards and processes, and sufficient 'boots on the ground' capacity at the investee and/or asset operating company.

Annycent's ESG Policy and Fund ESMS apply the globally recognized IFC Performance Standards and associated World Bank Group Environmental Health and Safety Guidelines to identify, categorize, assess, monitor, report and disclose on ESG and Impact risks and opportunities transparently, in alignment with the EU SFDR and the principles of the EU Taxonomy.

All potential investments will undergo ESG screening and due diligence in line with the known and potential risks for that investment. This process will determine the potential investee's environmental and social management system, ESG capacity and general approach to environmental and social risk management (including ESG disclosure and reporting). Where any gaps are identified against the Fund's minimum requirements, these will be assessed, and appropriate actions agreed for implementation by the investee within a reasonable time frame.

Anncyent's ESG due diligence framework is summarised as follows:

i) Screening against Exclusion List. Identify and categorize ESG risks and opportunities. Identify key ESG risk indicators (KRIs) and impact risk indicators.
ii) Conduct investment due diligence against best-practice ESG requirements and against alignment with SFDR (PAIs, minimum safeguards). Assess ESG leadership, capacity, ESMS, and confirm monitoring, disclosure and impact management systems and commitments. Sensitive or high risk (e.g., IFC Category A) projects or issues may require external consultant support.
iii) Address key risks and opportunities with investee management team and capture risks and mitigation in an Environmental and Social Action Plan ("**ESAP**"). Include ESAP in shareholder agreement with covenants or conditions precedent for high-risk issues.
iv) Post investment, build trusted relationships with investees to enhance ESG capacity, close out ESAP actions and improve ESG data quality. Implement transparent, auditable framework to SFDR (Article 9), and Annycent Capital group's proprietary requirements.

The findings of the due diligence stage are documented via an investment recommendation, which provides a thorough analysis of the project, its managers, service providers, off-takers, as well as the risks and, potential issues (including ESG / sustainability-related matters), financial returns, cash flow, legal and tax considerations of the potential transaction.

The key ESG leverage mechanism is the inclusion of Annycent's minimum requirements, the ESAP, ESG-related covenants, and where appropriate, ESG-related conditions precedent within the shareholders' agreement. This ensures that the investee board and management team are fully aware and legally committed to addressing the identified issues in the agreed timeframe.

k) Engagement policies

The fund will implement a comprehensive engagement strategy throughout the investment cycle. As above, the screening and due diligence process will include constructive engagement with investees' management and ESG staff to get a thorough understanding of ESG capacity, key issues and gaps against minimum standards, and agree actions and timelines to address issues which will be incorporated into shareholder agreements.

Post-investment, ongoing monitoring of investees and reporting on progress or challenges will be carried out by Annycent's Head of ESG who will work actively with investees to support implementation of their ESAPs and thereafter monitoring and reporting in line with their ESMS throughout the investment period.

The level of ESG monitoring may be increased or reduced proportionately to reflect the investee or asset risk profile, and / or the deal structure and associated level of influence (e.g., majority ownership or secondary).

Investees will generally be required to provide to Annycent quarterly quantitative ESG data reports with qualitative summaries of any key issues in an agreed template. Formal investee ESG and impact periodic reporting will be provided on a biannual and / or annual basis, dependent on the specific investee or asset's activities.

Shareholder agreements will include an industry standard contract mechanism that requires investees to provide additional environmental and social information when deemed necessary. The shareholder agreements will also require investee companies to report any material incident or events immediately within 24 hours of occurrence, or as soon as practicable thereafter. Where possible, Annycent will nominate board members at the investee projects and companies, depending upon the level of its ownership, with a senior Annycent professional taking a primary board seat and championing ESG leadership and any urgent issues.

Annycent's Head of ESG will also conduct regular meetings with investee ESG teams and site visits annually (more frequently if the risk profile requires this) to monitor and assess ongoing performance including closing out of ESAP actions, arising risks and general management of ESG matters.

Internally, Annycent's Head of ESG will provide periodic ESG and impact outcome reports, including investee performance. If there are gaps or new risks identified, these will be communicated to the investee and Annycent management teams, escalated to Annycent's board of directors and / or reported to Annycent's investors as required. Engagement and ESG reporting to limited partner is anticipated to be formed from a combination of quarterly or biannual reporting and ESG committee meetings.

Externally, Annycent will issue an Annual ESG Report which will clearly demonstrate the ESG performance of investments, including PAIs and impact, and areas of focus for future improvements. Annycent's Head of ESG will proactively develop transparent and trusted relationships with all stakeholders to foster a spirit of constructive support and continuous improvement.

l) Attainment of the sustainable investment objective

The Fund has a reduction in carbon emissions as its objective and its Sustainable Investment Objective is in line with the long-term global warming targets of the Paris Agreement.

No index has been selected as reference benchmark for the Fund as no EU-approved index is currently available in the market in alignment to the Fund's investment strategy. Nonetheless, Annycent Clean Energy will monitor and report on progress of its portfolio by providing stakeholders with indication of performance of its KPIs against its baseline and pre-set targets aligned to best impact management and measurement frameworks such as IRIS+ and HIPSO (where available), and UN SDGs.

In the spirit of the regulation, the Fund will strive to develop and/or select an appropriate reference benchmark tailored to its Sustainable Strategy and Sustainable Investment Objective.