UN environment programme | finance initiative

PRI Principles for Responsible Investment

NET-ZERO ASSET OWNER ALLIANCE

Blended Finance: Call to Action - 3 Asset Managers present their Vehicles

11th of January 2023

WWF

GLOBAL OPTIMISM

Agenda

1. 3rd workshop: Overview of vehicles presented
2. Call to action and its highlights
3. Presentations of the vehicles
   I. Climate Fund Managers
   II. Berkeley Energy
   III. responsAbility Investments
4. Further process and contacts of the asset managers

3rd Workshop: Overview of Vehicles presented

	Climate Fund Managers: Climate Investor Two ("CI2") Construction Equity Fund	Berkeley Energy: Africa Renewable Energy Fund ("AREF II")	responsAbility Investments: Asia Climate Fund ("ACF")
Strategy Overview	• Platform approach focused on investing in climate mitigation and adaptation infrastructure in emerging markets within Asia, Africa and Latin America - Water - Sanitation - Oceans • Target fund size: $1,050 million • Fund term: 20 years	• PE strategy focused on investing in renewable energy projects across Sub-Saharan Africa - Utility-scale (grid-connected) - Commercial and industrial (off-grid) • Target fund size: €300 million • Term: 10 + 2 years	• PD strategy focused on climate mitigation investments in Asia Pacific (mainly India and Southeast Asia) - Renewable energy (commercial and industrial companies & storage solutions) - Energy efficiency - Electric mobility and its value chain • Target fund size: $500 million • Term: 10 years +1 +1
Structure	• „Whole-of-life" solution comprising of: - Development Fund: fully capitalised with concessional capital - Construction Equity Fund: three-tiered blended finance structure; Tier 2 benefits from downside protection from Tier 1 capital and receives 100% of the upside	• Blended finance structure: three-tiered; Class C (commercial) investors benefit from downside protection by Tranche A • Project support facility: mitigating early-stage project development risk	• Blended finance structure: Two-tiered; junior tranche provides first-loss protection to senior investors
Status	• Latest close: 12/2022 ($855m) • Targeted final close: 03/2024 (only Tier 2)	• Committed / closed: €180m • Targeted final close: 06/2023	• Targeted first close: Q1 2023

Call to Action and its Highlights

26 submissions have been received through the 'Blended Finance call to action' and reviewed by the Blended Finance working group:

- 11 short-listed: Candidates presenting to the NZAOA members
  - 5 presented at the 1st workshop (September 2021)
  - 3 presented at the 2nd workshop (May 2022)
  - 3 present at the 3rd workshop (today - January 2023)
- 9 long-listed: Potentially to be re-assessed
- 6 no longer pursued: Not fulfilling criteria of the call to action

The short-listed submissions are considered to best meet the criteria of the call to action; reflecting a broad range of asset managers, various asset classes and sectors as well as different states of structuring / fundraising.

Section 1 – Climate Fund Managers: Climate Investor Two ("CI2")

Climate Fund Managers: Climate Investor Two

Climate Fund Managers (CFM) manage a series of climate impact focused “Dark Green” blended finance vehicles with AUM of USD ~2bn. These vehicles develop, construct, and operate climate Mitigation and Adaptation infrastructure exclusively in the emerging and frontier markets of; Africa, South-east Asia and Latin America. CFM’s Mitigation impact is primarily achieved through the production of renewable energy & reduction of GHG emissions, whereas Adaptation refers to the development of climate resilient basic infrastructure such as water and waste treatment facilities.

Strategy & Target Scale	De-risking Mechanism	Underlying Projects / Portfolio Diversification	ESG / Impact Reporting	Key Terms & Vehicle Status

• Climate Investor 2 (CI2) focuses on Climate Mitigation and Adaptation investments through Water, Sanitation and Oceans Infrastructure.
• CI2 targets opportunities in low, lower middle and upper middle income countries within Asia, Africa and Latin America.
• The CI2 platform has raised approx. USD 855mn and will continue to raise funds until it reaches it target of USD 1.1bn (no later than March 2024)
• While continuing to raise funds, the platform has received equity close approval for 2 projects, while a broader pipeline remains under development by the Development Fund.
	• CI2 offers an integrated funding solution comprising of a *Development Fund* and *Construction Equity Fund.*
	• *Development Fund* is fully capitalised with concessional capital and hence no commercial capital is at risk.
	• *Construction Equity Fund* is divided in three tranches (Tier 1-Tier 3)
	  ◦ *Tier 3* capital is 100% ECA backed and thus has limited returns.
	  ◦ *Tier 2* receives protection from *Tier 1* capital and also receives 100% of the upside (in addition to 8% hurdle).
	  ◦ *Tier 1* is fully funded by concessional capital and acts as a first loss tranche.
		• CI2‘s mandate focuses on investment in emerging markets within Asia, Africa and Latin America. Furthermore, there are prudential limits applicable which limits concentration within one country/region and /or one investment sector. This allows the platform to recognise diversification benefits at regional and at technological level.
		• From March 2022 (date of first closing), the platform has received equity close approvals for the following investments: *A USD 150mn Waste-to-Energy opportunity in South Africa with BMW and ABInBev as offtakers AND a Debt for Nature swap transaction of approx. USD 1.1bn*
			• CI2 has sustainable investments (Article 9) as its key objective. The Manager adopts a focused approach to ESG management for all projects, which makes sure that environmental and social impacts and risks are fully integrated.
			• In all our projects, we undertake a community development program (alongside our project), which extends to Wetland & Fisheries Restoration, Issues of Gender Inequality, Water Supply and Improving Access to Education.
			• Impact metrics are reported alongside financial metrics on a quarterly basis. Additionally, we also publish our Responsible Investment report.
				• **Fund Term:** 20 years
				• **Investment Period**: 15 years
				• **Establishment Fee**: 1% on Committed Capital
				• **Management Fee:** Year 1-5 (1.5% on Committed Capital +0.25% on committed to draw capital); Year 6-15 (1.0% on Committed Capital +0.75% on committed to draw capital); Year 16-20 (1.5% on invested capital)
				• **Minimum Commitment (Tier 2)**: USD 20mn (smaller investment and shorter tenor options available)
				• Development Fund, Tier 1 and Tier 3 is fully capitalised. Capital is being raised for Tier 2 tranche only

CLIMATE FUND MANAGERS

Net Zero Asset Owners Alliance - January 2023

CLIMATE FUND MANAGERS PHILOSOPHY

The CFM philosophy is to structure, raise, and deploy innovative investment vehicles with a focus on climate change mitigation and adaption.

Blended Finance

CFM use development finance to mobilize private capital flows to emerging and frontier markets.

+

Climate Impact

CFM are dedicated to creating positive impact on climate change mitigation and/or adaptation.

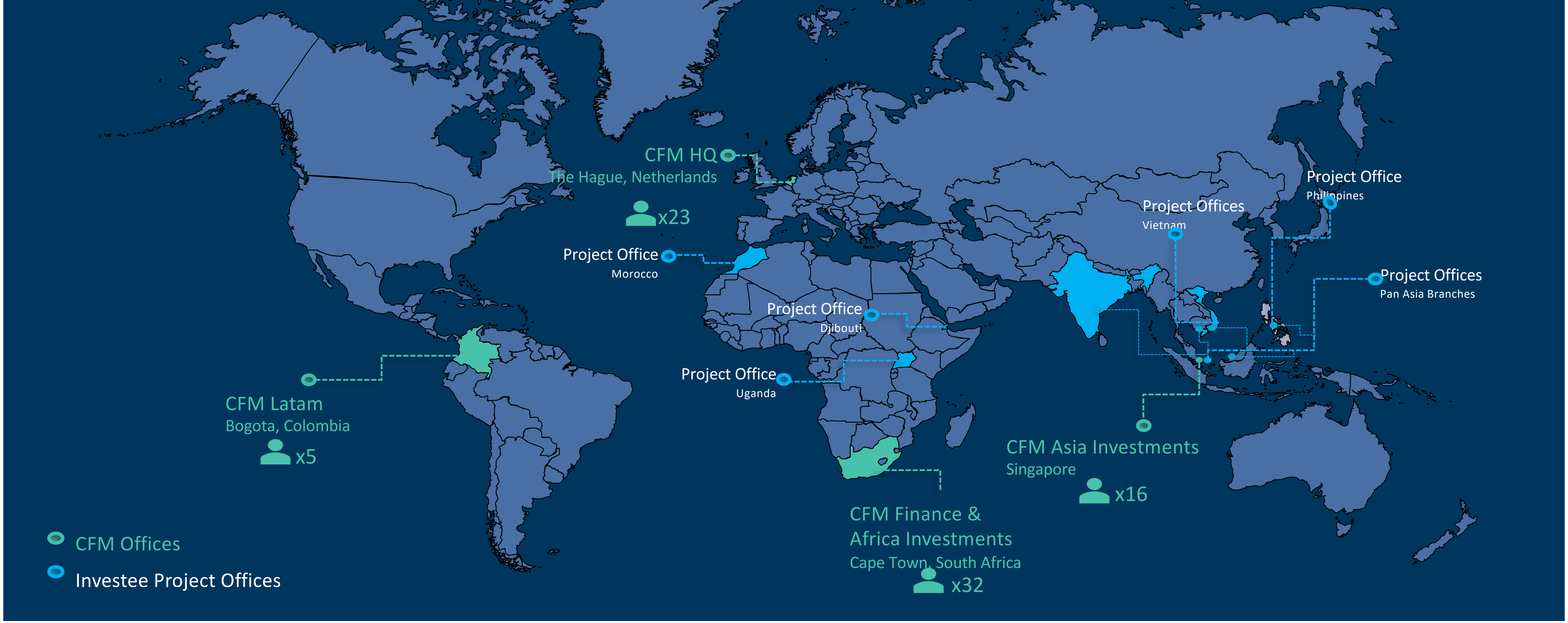
+

Attractive Returns

CFM strive to generate attractive returns for their commercial investors.

GLOBAL PRESENCE

CFM Offices and Project Offices



CFM: TEAM COMPOSITION

CLIMATE INVESTOR 2

CFM MANAGEMENT BOARD

Experience

ANDREW JOHNSTONE
Chief Executive Officer

AIIM
AFRICAN INFRASTRUCTURE INVESTMENT MANAGERS

GEORGES BEUKERING
Head of Capital Raising & Business Development

FMO
Entrepreneurial Development Bank

TARUN BRAHMA
Head of Investments

FMO
Entrepreneurial Development Bank

LINDSEY ORD
Chief Financial Officer

AIIM
AFRICAN INFRASTRUCTURE INVESTMENT MANAGERS

CFM TEAM COMPOSITION

Owing to its ‘active’ investor approach, with in-house technical/engineering and E&S teams, CFM has a staff complement of ~75 FTEs. Excluding CFM MB, these are divided accordingly:

29	EQUITY INVESTMENTS & Asset Management
6	ENVIRONMENTAL & SOCIAL Governance
5	TECHNICAL & Engineering
7	CAPITAL RAISING & Business Development
20	SHARED SERVICES Tax/H.R./Ops/Finance/ Governance/Fund Admin

CLIMATE INVESTOR 2

CLIMATE INVESTOR TWO

CLIMATE FUND MANAGERS

INVESTOR FAMILY

CLIMATE INVESTOR 2

CLIMATE INVESTOR 2®

USD 855 MILLION

(USD 1,050 million Target Size)

DONOR	DFI	INSTITUTIONAL
DFCD	FMO Entrepreneurial Development Bank	KLP
European Commission	Swedfund	AEGON
GREEN CLIMATE FUND		IMAS Foundation
NDF Nordic Development Fund		BNG BANK
		Sanlam

CLIMATE INVESTOR TWO STRUCTURE

Tier 1 concessional capital USD 200m - First Loss

Tier 2 commercial investors USD 400m - Ordinary Equity

Tier 3 commercial investors USD 400m - Senior Equity

Institutional investors
DFIs
Impact Investors

Development Fund
USD 50m

Construction Equity Fund
USD 1 bn

Development loans & TA

Equity

Fully financed and well-structured
water, sanitation and ocean infrastructure projects

CI2 Structural Advantages

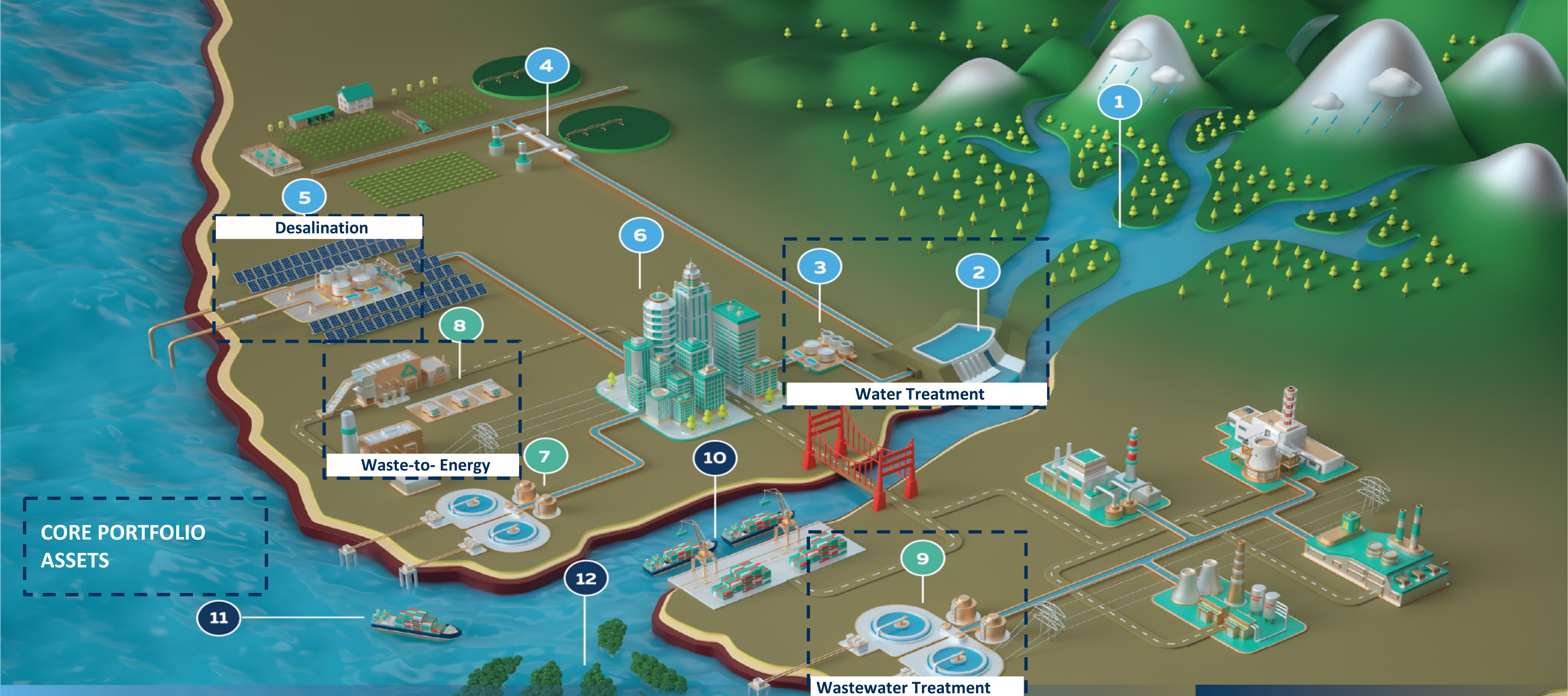
- The Climate Investor Model offers an integrated funding solution, comprising of a Development Fund and Construction Equity Fund.
- Investors are able to participate in a specific project stage through tailored investment instruments to meet preferred risk/return requirements
- Developers have continuous access to capital at different stages of the project to fully monetise the potential of the project

Primary Tech Focus

Water | Waste/ Wastewater | Oceans

Geographical Focus

LatAm | Africa | Asia



Water

1. Watershed management and protection
2. Bulk water supply and storage
3. Water treatment plants
4. Water transportation and pumping
5. Desalination
6. Water and sewerage utilities

Sanitation

7. Wastewater treatment and re-use plant
8. Waste to value and energy plant
9. Industrial wastewater treatment and re-use plant

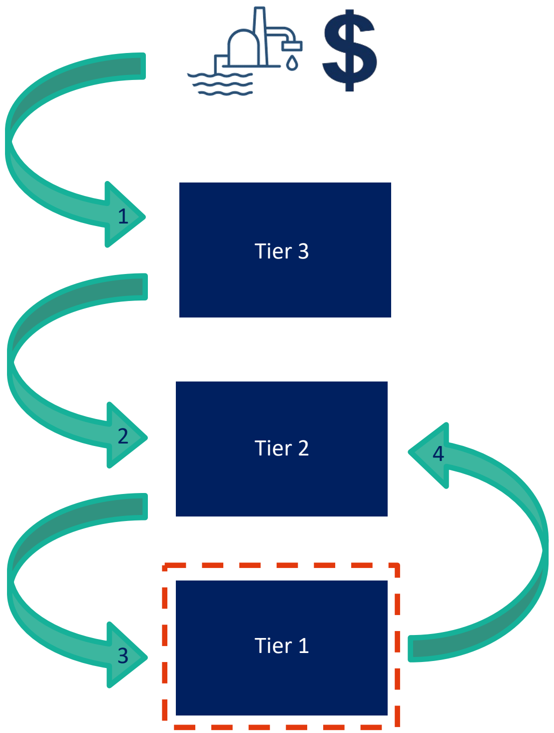
Oceans

10. Green ports
11. Green shipping
12. Coastal and marine ecosystem management and protection

CI2 DISTRIBUTION WATERFALL

RETURNS FLOW THROUGH A SPECIFIC WATERFALL

1. CAPITAL + RETURN: ~4-6%
   Consisting of ~1-2% to investors ~3-4% insurance premium
2. CAPITAL + HURDLE: 8%
   Minimum return needed before profit share with CFM
3. CAPITAL + RETURN: ~2%
   US CPI
4. OUTPERFORMANCE:
   Upside / Profit split between Tier 2 & Fund Manager (80:20)



TIER 1 CAPITAL IS FIRST LOSS: 20%

CI2 PROJECT PIPELINE

Project name	Country	DF Funding Opportunity	CEF Funding Opportunity	Sector	Mitigation	Adaption
Projects with CI2 Development Funding						
Waste-to-Value*	South Africa	3,828,400	75,000,000	Sanitation	✓	
Ballast Water Treatment	Pan Africa	3,400,000	25,000,000	Oceans		✓
Water Supply	Senegal	1,190,000	9,390,000	Water	✓	✓
Water Treatment	Pan Africa	2,400,000	8,400,000	Sanitation	✓	✓
Oceans Finance*	Pan-Africa/Latam	1,050,000	75,880,400	Oceans	✓	✓
Water Supply	Kenya	1,853,000	12,792,000	Water	✓	✓
Waste-to-value	Sierra Leone	1,347,000	24,950,000	Sanitation	✓	
Waste-to-Value	Thailand	2,500,000	33,033,000	Sanitation	✓	
Waste-to-Value	Thailand	2,500,000	33,033,000	Sanitation	✓	
Green Shipping	Intra Asia-Pacific Shipping Routes	2,000,000	75,000,000	Oceans	✓	
Wastewater Treatment	Kenya	4,500,000	90,000,000	Water	✓	✓
Total		26,568,400	462,478,400			

**IC Approved for Equity Investment*

WATER, SANITATION & OCEANS: USD 1bn IMPACT

CI2’s primary objective is the adaptation to climate change through provision of climate resilient water and sanitation infrastructure in developing countries.

Impact

- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 13 CLIMATE ACTION
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 14 LIFE BELOW WATER
- 17 PARTNERSHIPS FOR THE GOALS

Outputs

~2.5 BILLION LITERS
of water and waste water treated per day

~14 MILLION PEOPLE
supplied with safe drinking water

~2.5 MILLION PEOPLE
provided with sanitation

~2.8 MILLION TONS OF CO2
emissions avoided per annum

2.2 MILLION HECTARES
of wetland and coastal ecosystems restored

USD$ ~2.5+ BILLION
private sector funds catalyzed at construction phase

Investments

- Bulk water supply
- Water treatment plants
- Desalination
- Water and sewerage utilities
- Watershed management and protection
- Wastewater treatment and water re-use
- Waste and wastewater to energy
- Waste to value
- Coastal and marine ecosystems management and protection
- Green ports
- Green shipping

Themes

WATER — SANITATION — OCEANS

CLIMATE FUND MANAGERS

Q&A

Section 2 – Berkeley Energy: Africa Renewable Energy Fund II (“AREF II”)

Berkeley Energy: Africa Renewable Energy Fund II

Berkeley Energy ("BE") is an established fund manager focused on renewable energy in African and Asian emerging markets. BE invests in grid connected utility-scale assets and off-grid solutions for commercial and industrial ("C&I") clients. BE is a hands-on investor with strong project development / delivery experience and track record in its target regions. AREF II, BE's second Africa fund, benefits from a well-honed strategy, a proven team and an attractive project pipeline diversified across markets and technologies. Coupled with a blended finance structure, it is a unique emerging markets climate-focused opportunity.

Strategy & Target Scale	De-risking Mechanism	Underlying Projects / Portfolio Diversification	ESG / Impact Reporting	Key Terms & Vehicle Status
Deliver ~800MW into operation based on proprietary pipeline **Utility (grid-connected):** • Careful selection of markets, offtakers and projects • Technology choice driven by market needs and resources • Greenfield investment and acquisition of brownfield assets **C&I (off-grid):** • Focus on high-quality multinational corporate clients • Broad decarbonisation solutions e.g. solar, energy efficiency, and biomass-to-steam • Adapting BE's proven C&I strategy from Asia to Africa	**Fund features already in place:** • Downside protection for Class C (commercial) investors through a blended finance structure • Project Support Facility (PSF) to mitigate early-stage project development risk • Broad DFI investor base which provides strong halo effect **Project-level structuring:** • Bankable hard currency PPAs and government support agreements for utility projects • Credit enhancement instruments and political risk insurance used as needed • Strong suite of commercial documents including turnkey EPC and DFI debt	**Well diversified proprietary pipeline with advanced development projects:** • 13 projects across 6 platforms (Cameroon, Angola, Kenya, Malawi, Zambia + regional C&I) • Each platform >100MW, well positioned in market **Strong technology mix:** • Leading position in hydro across several countries • Utility scale battery storage needed to balance ailing grids • Wind and solar opportunities to complement / hybridise others • C&I projects that combine multiple technologies across broad client base	• Evaluation of risk against the IFC Performance Standards • High-level ESG based on the DFI's Code of Responsible Investing • Well established Environmental and Social Management System ("**ESMS**") in place. • Annual E&S report published across BE business. Strong track record of positive E&S impact. • Quarterly E&S calls with investors to provide portfolio updates. • Bespoke ESG reporting to suit individual LP requirements.	• Target fund size: €300 million • Commited/closed: €180 million • Other parties in progress: €50+ million • Domicile: Luxembourg • Region: Sub-Saharan Africa • Term: 10 + 2 years, closed-end • Investment period: 5 + 1 years • Management fees: 2% per annum up to €125 million and 1.5% per annum exceeding €125 million • Hurdle rate: 8% • Minimum commitment: €5 million • Admission to the Fund up to June 2023

41 MW Achwa 2 Hydro – Uganda

BERKELEY ENERGY

Africa Renewable Energy Fund II

AREF II

€300m Investment Fund

January 2023

Established Manager with a differentiated strategy and proprietary pipeline

- Lessons learned
- Strategy honed
- Proven on-the-ground team

Pipeline

6 platforms, 13 projects

~800MW

Fund terms

- 10 year, closed-end
- Luxembourg domiciled
- €300m target size
- €180m committed/closed
- Admission to the Fund up to June 2023

Technology

- Hydro
- Solar, Wind
- Battery storage
- Energy solutions

Asset type

- Grid connected projects
- Commercial and Industrial (C&I) solutions

Asset life-cycle

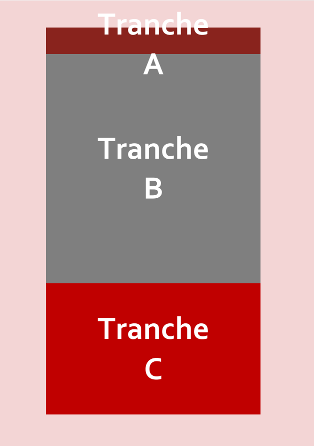
- Greenfield pre-construction
- Acquisition of operating assets

Estimated Fund returns (approx.)

	IRR	MoM
Gross	21%	2.1x
Net	16%	1.9x

AREF II: Blended structure with downside risk protection

Fund Structure



Tranche A: Donor/Catalytic Funding
- First loss tranche, $20m equivalent with potential to scale up
- Subordinated to Tranche C

Tranche B: Development Finance Institution Funding
- Returns neutral to Fund structure
- Majority of funding source

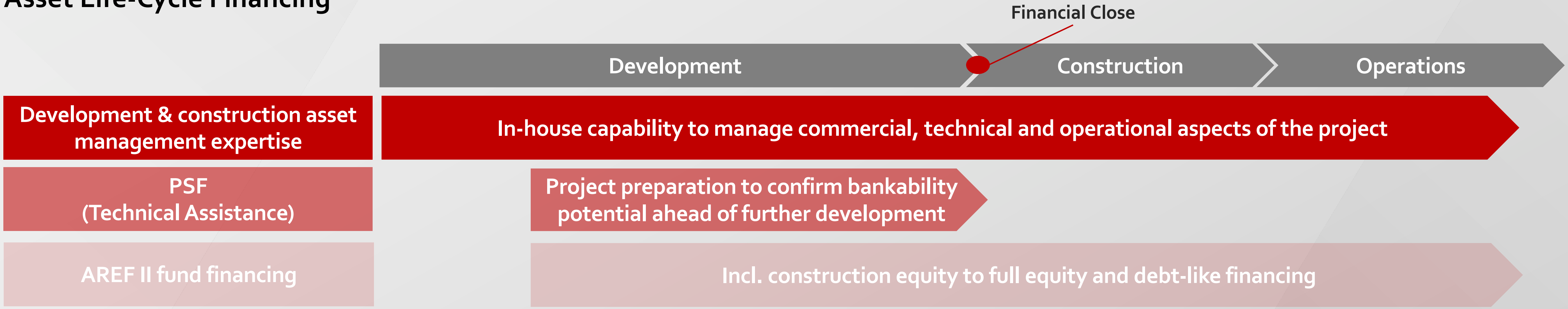
Tranche C: Commercial Funding
- Benefits from downside protection provided by Tranche A
- If Fund returns €0.8 for each €1 invested, Tranche C still gets €1

Project Support Facility (PSF)

Designed to mitigate project development risk
- Stand-alone facility that co-invests alongside the Fund in early-stage projects
- PSF gets repaid once the project reaches Financial Close. If the project does not close, PSF takes a loss.

PSF size and usage
- Initial facility $5m, donor funded. Size being increased
- PSF funding may be reinvested multiple time across development projects

Asset Life-Cycle Financing



BERKELEY ENERGY

Investing in renewables in Africa

Right Time
to invest in Africa

Right Partner
with Berkeley Energy

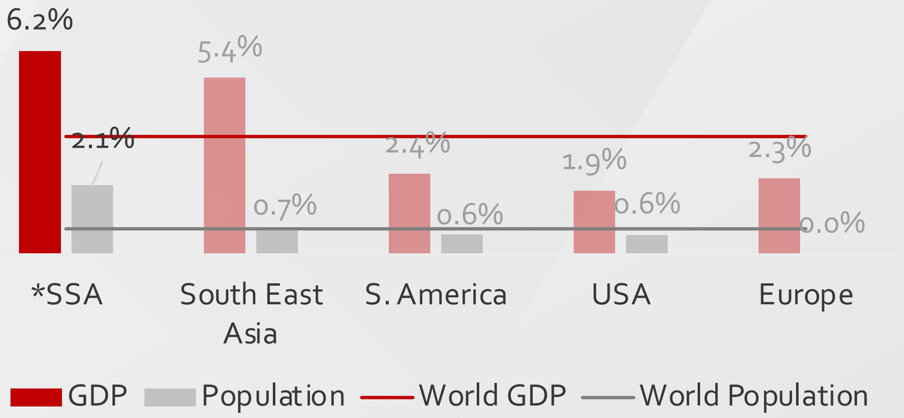
Right Opportunity
with AREF II

Image captions:
Left: Getty image of main road in Nairobi
Middle: Berkeley team on site visit at 62MW Dibombe hydro site in Cameroon
Right: 41MW Achwa 2 Hydro - Uganda

Energy supply gap in SSA

SSA has strong market fundamentals

Forecast 5-year GDP and population growth rates

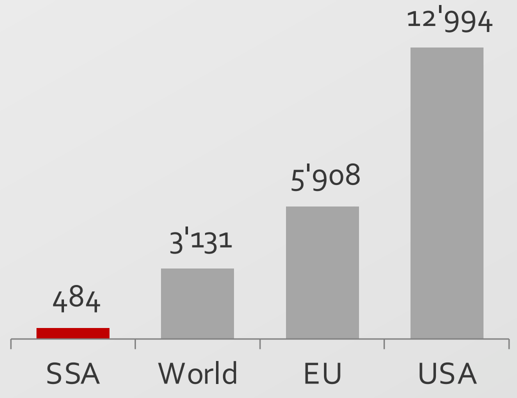


Note*: SSA covers top 21 regions in Sub-Saharan Africa, including Berkeley Energy's markets

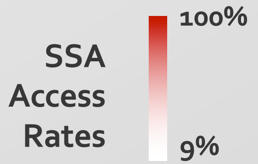
Source: CBO, IMF, UN, Berkeley Analysis

Electricity supply is lacking

Per capita energy consumption (kWh)



SSA Energy Access Rates



Source: IEA, WB, Berkeley Energy Analysis

Meeting the energy supply gap unlocks the economy and GDP growth

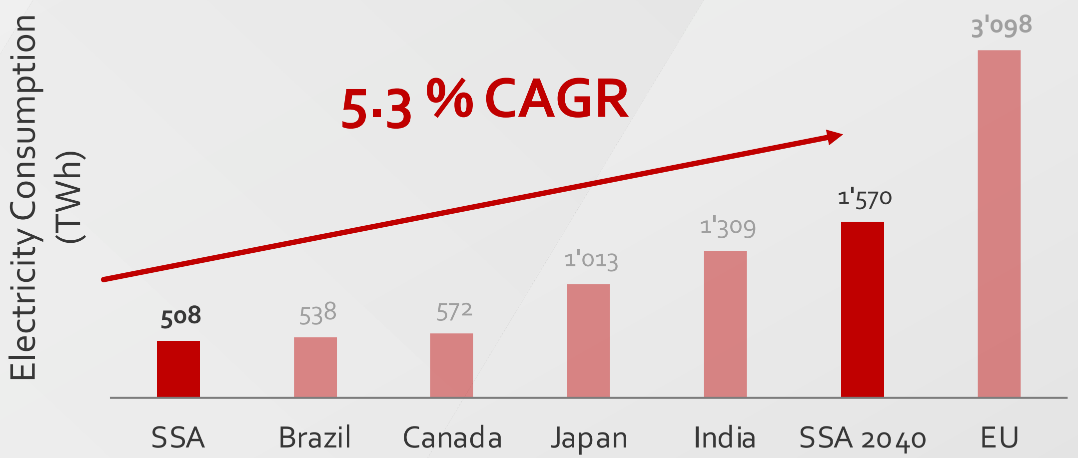
BERKELEY ENERGY

Growth as political and economic imperative

GDP growth is energy-hungry

- Expected to significantly exceed the world's growth
- Urbanisation and industrialisation are key growth engines benefiting from governments' focus on infrastructure

Electricity demand in 2018

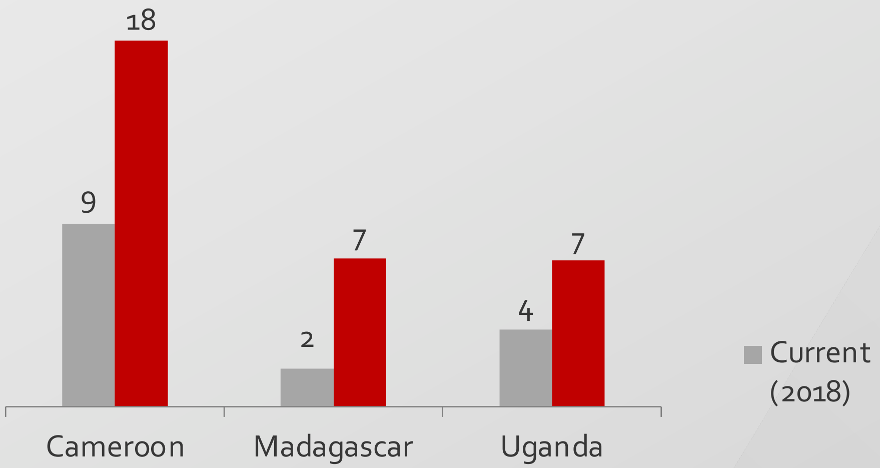


Source: International Energy Agency

Reform and investments to close the gap

- Electricity markets chronically under-serve the economies
- Sector reforms cycle largely completed across SSA
- Target markets are ready for private infrastructure investment

Current vs future supply (TWh)



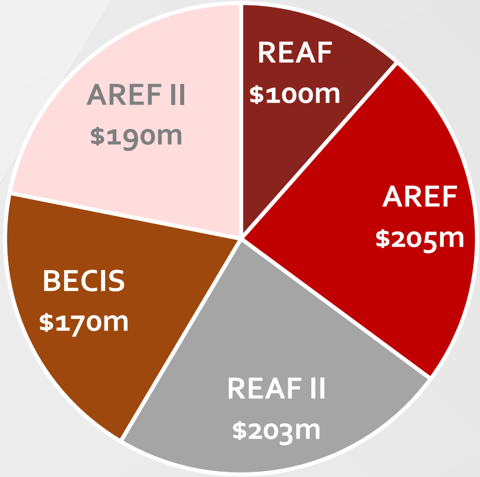
Source: Wood Mackenzie

$100bn annual investment required into power generation and transmission [1]

Note:
1. IEA Africa Energy Outlook 2019 Report

Berkeley Energy:
$1.5bn being deployed,~1GW to be delivered by 2023

Capital



Investment funds raised	$870m
Co-investments[3]	$140m
Debt raised	$500m

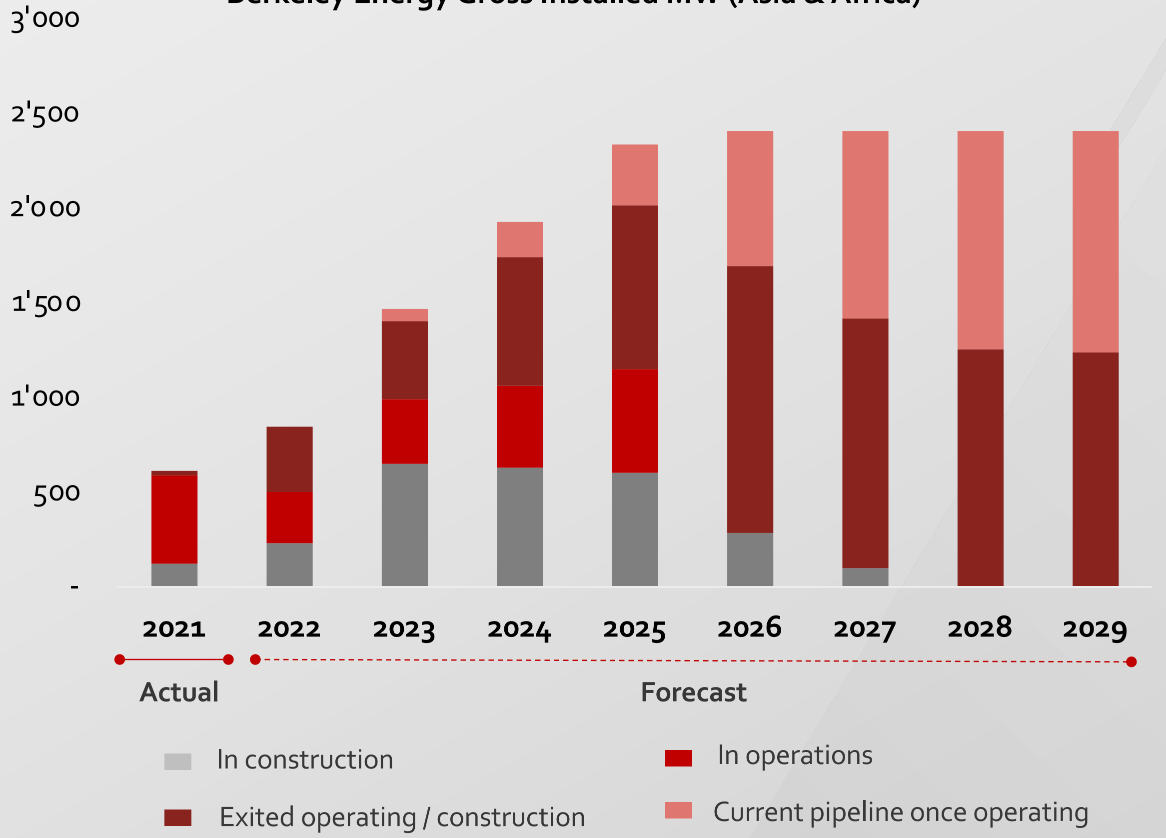
Investment manager covering

- Managing capital
- Developing opportunities
- Building businesses
- Delivering projects
- Operating assets

Berkeley Energy is regulated in the UK and Mauritius

Capacity

Berkeley Energy Gross Installed MW (Asia & Africa)[4]



Note:
1. Equivalent to €180m of closed/committed amount in December 2022
2. REAF II has a $50m stake in BECIS
3. Co-investment equity raised for specific projects, also managed by Berkeley Energy
4. Based on Berkeley Energy analysis with existing portfolio and pipeline

Berkeley Energy:
>12 years, >12 countries

Key Technologies

Hydro

Solar

Wind

Battery storage

People

>500 employees across activities

Country of Projects

Main Offices

Environmental and social ("E&S") impact

- Responsible investing driven from core values
- Development, construction and operation with E&S in mind
- Risk mitigation, performance enhancement and long term sustainability

19
Africa E&S Staff

> 2,000
employed by AREF projects

93%
nationals employed
50% from project area

United Nations Sustainable Development Goals

Asia & Africa

Direct Operations

13 CLIMATE ACTION

7 AFFORDABLE AND CLEAN ENERGY

Community Development Achievements

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

Corporate Social Responsibility: Example

Empowerment of women
Achwa - Uganda

Portfolio and pipeline

Cameroon

Top 3 rank for hydro potential in Africa

- Lead position in developing medium-sized hydro in country
- Strong team on the ground, momentum across sizeable development portfolio

122MW | 40MW | 20MW/ 80MWh

Angola

Strongly embarking on energy transition

- Lead position in developing hydro IPPs in country
- Strong local team and engagement with Government

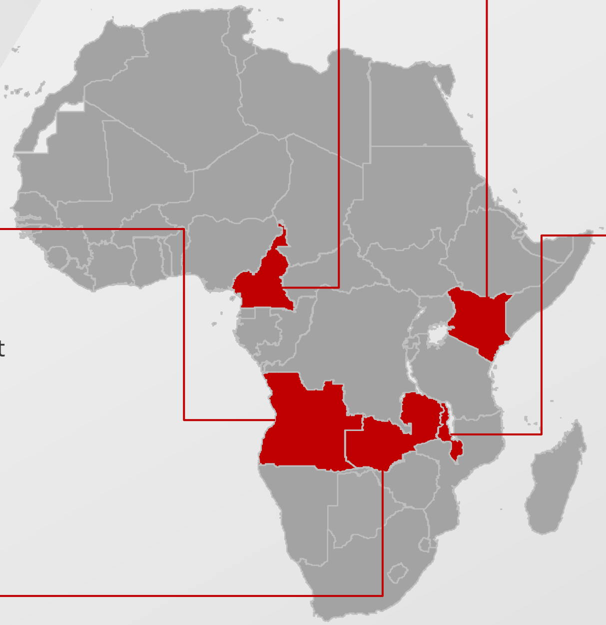
134MW | 40MW

Zambia

Strong fundamentals driving energy market

- Open grid access to supply mining clients or S African Power
- Well placed to deliver competitive projects into market

70MW | 100MW



Kenya

Well established IPP market with rich energy mix

- Opportunity to play across several technologies
- Focus on battery storage to address intermittency and load shifting

120MW/ 480MWh

Malawi

Emerging IPP market seeking to diversify its supply

- Need to boost new generation and balance the supply from solar PV
- Significant opportunity for battery storage to address grid issues

25MW | 60MW/ 240MWh

Africa C&I

- Focus on building a dedicated C&I platform
- PPAs in US$, EUR or hard currency linked. Some C&I projects may be in local currency

100MW | 30MW | 130 t/h

Proprietary pipeline and investment platforms

AREF II

Country	Project	Technology	Capacity MW	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cameroon	Dibombe		22											
	Mungo Falls		100											
	Bini A Warak[1]		40 + 20MW / 80MWh											
Angola	Vuka 3		120											
	Vuka Solar		40											
	Brownfields		14											
Kenya	C&I[2]		100											
	Suswa		120MW / 480MWh											
Malawi	Nkhoma		60MW / 240MWh											
	Lufilya		25											
Zambia	Mutinondo		40											
	Luchenene		30											
	Unika		100											
Total			**831**											

Greenfield | Brownfield / Expansions | Development | Construction | Operations

Note
1) *Bini A Warak project is expected to be a hydro/solar/battery hybrid*
2) *C&I business is being launched in Kenya but is expected to spread across the continent*

Quality investments to translate into attractive exits

AREF

160MW

Promising exit opportunities

Financial investors

Actis

BlackRock

Harith

African IPPs

Eranove

Azura

Globeleq

Global Utilities

EDF Enel Acwa Power

AREF II is expected to perform strongly based on an already well crystallised portfolio

Key rationale for investing into AREF II

Opportunity to invest into the **leading diversified renewable energy developer in SSA**, delivering quality assets

Focus on chosen African markets with

Strong **growth and demand** for power

An **under-developed** sector

Vast **untapped** renewable resources

+

Berkeley Energy has

A **proven cohesive team** with

A successful **track record** in SSA

A substantial proprietary **pipeline**

Attractive and robust infra asset returns in hard currency

De-risked opportunity to deliver with an emerging market allocation

Sustainable investments with clear impact credentials

Q&A

Section 3 – responsAbility Investments: Asia Climate Fund ("ACF")

responsAbility Investments: Asia Climate Fund (ACF)

responsAbility, a leading impact asset manager with 239 people in 7 offices managing USD 3.4 billion Asset under Management. Since 2003 we have invested over USD 13 billion in private debt and private equity. Currently we are invested in 279 high-impact companies across 75 emerging economies in South-East Asia, India, Middle East and Africa, across mainly three investment themes of sustainable food, financial inclusion and climate finance. In Climate finance, responsAbility has invested over USD 1 billion via two main blended-finance funds.

Strategy & Target Scale	De-risking Mechanism	Underlying Projects / Portfolio Diversification	ESG / Impact Reporting	Key Terms & Vehicle Status
• Focus on maximizing CO_2 mitigation impact and supporting scale-up of new technologies with core focus on three segments: distributed low-carbon energy generation and storage, energy efficiency and electric mobility and its value chain. • Opportunistic investments in new CO_2 mitigation technologies such as circular economy projects, waste § water recycling. • Target scale of ACF is USD 500 million.	• ACF will be a blended-finance debt fund with a junior tranche representing >15% of NAV and providing first-loss protection to the senior investors. • The junior tranche's return is capitalised during the life of the Fund. The junior investor's paid-in capital plus capitalized return serve to protect the senior tranche. The applicable first-loss protection is therefore expected to reach up to 25%.	• Core segments cover solar, wind and with storage power plants; heating, cooling & lighting systems, green buildings, IoT-based management systems; battery swapping, charging infrastructure, EV fleet manufacturers & operators. • The Fund invest at least 90% of the assets in companies having operations in Asia with the main focus on South East Asia and South Asia. • Critical limits include; max. of up to 25% per country (except up to 49% for India), 15% per business group and 7.5% per investee. • The Fund will invest at least 60% in senior loans and max. 40% in sub-debt or convertible instruments.	• ACF will have dedicated ESMS aligned with IFC PS, WB EHS Guidelines, ILO principles and applicable laws & regulations. • The Fund will have a dedicated "Carbon Impact Measurement & Verification Framework". • The following impact parameters will be assessed, monitored, and reported at the fund-level on an annual basis: CO_2 savings (tCO_2/year), energy savings (MWh/year) renewable energy capacity added & generation (MW, MWh/year), no. of electric vehicles financed, no. of electric 2 wheelers / electric cars, quantity of waste recycled in terms of tonnes of waste. • Carry hurdle tied to CO_2 reduction.	• Term of the Fund: 10 years with option to extend twice by one year. • Net target return: senior tranche 7%+ (spread of 320 bps over risk free rate). • Portfolio management fee: 1.50%. • Performance fee: 10% carried interest over a innovative dual-hurdle rate of 5% senior IRR and a portfolio CO_2 reduction of 20%. • A 1st close is expected by the end of Q1 2023. We have obtained clearance in principle from three European investors including two DFIs for investments in the junior and senior tranches of over USD 200 million in total.

responsAbility

Marketing material for qualified investors/professional clients only

ASIA CLIMATE FUND

Scaling climate investments in Asia

January 2023

The above-mentioned investment opportunity has not had a first closing and the legally binding documents have not been finalized. Any fund features and proposed investment activities described in this document are subject to change. It has not yet obtained regulatory approval neither is it open for subscription.All figures which refer to the investment opportunity in this information material are purely indicative and not a guarantee of futureresults. This information material is for qualified or professional investors only.

RESPONSABILITY IN NUMBERS

2003
founded

USD 3.4 billion
Assets under Management (AuM)

89%
AuM private debt

11%
AuM private equity

>USD 13 billion
invested since inception

7
offices worldwide

279
high impact portfolio companies

239
employees worldwide

75
investment countries

Source: responsAbility Investments AG, as of 30.09.2022

OUR THREE INVESTMENT THEMES

These themes encompass both our financial expertise and our focus on maximum impact

CLIMATE FINANCE
We take action against the climate crisis, with renewable energy investments and energy efficiency solutions, using in-house tools to measure CO_2 reduction. This boosts the environment and the economy while empowering people.

900 million

FINANCIAL INCLUSION
Access to finance drives economic growth and increases resilience in emerging economies. The market potential remains vast as fintech is creating new business models that go well beyond traditional microfinance.

2.1 billion

SUSTAINABLE FOOD
With the ever-increasing demand, investing in sustainable agriculture improves food quality, ensures the stability of the supply chain and reduces waste and loss. This creates better livelihoods for farmers, protects biodiversity and reduces emissions.

400 million

Source: responsAbility Investments AG, as of 30.09.2022
Amounts in USD

SHAREHOLDER - M&G PLC

The majority of the share capital of responsAbility Investments AG is held by M&G plc. As part of the M&G group, responsAbility continues to serve its clients and portfolio companies across emerging markets. Find out more about M&G here: www.mandgplc.com

Source: responsAbility Investments AG, as of 02.05.2022

RESPONSABILITY TO SET UP A DEDICATED ASIA CLIMATE FUND (ACF)

ACF aims to create substantial impact by combining market needs with innovative products

Leading sustainable investment house

Track record of 19+ years in sustainable investments focused on impact

Expertise in multiple climate sectors

Attractive investment opportunity

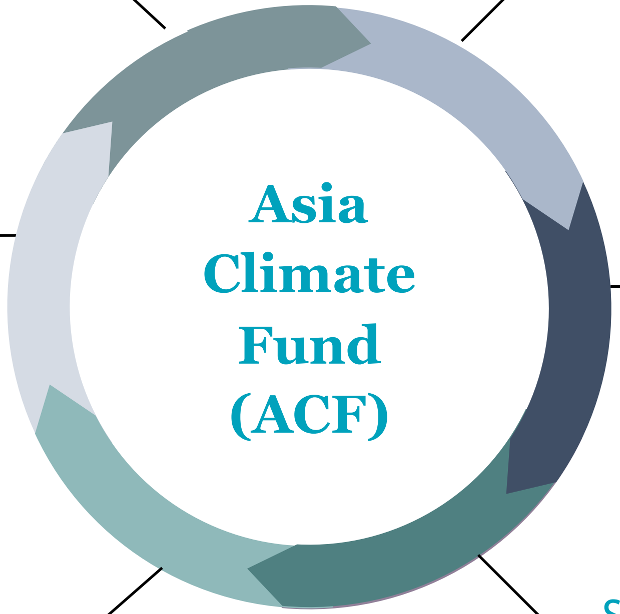
Trillion-dollar investment opportunity in Climate mitigation technologies

Significant market depth especially India

On-going discussions with 20+ companies with pipeline of USD 250+ m

Experienced team

Experienced team with the blend of Investment and Technical expertise across multiple climate tech sectors



Strong rationale for Asia focus

Significant potential for climate finance

Increasing electricity prices driving demand for RE/EE investments

Strong regional presence and network

Compelling investment strategy

Focus on segments with large addressable markets

Multiple financing solutions across the capital structure

Significant CO_2 mitigation & impact on SDGs

Carbon mitigation fund aligned with Net Zero Carbon pathway

Fund would impact a number of SDGs

Source : responsAbility as of 30.09.2022. For illustrative purposes only. Subject to change.

INVESTMENT STRATEGY

Focus on a broad range of segments with large addressable markets

Core Focus Segments			Opportunistic Segments
Renewable Energy	Electric Mobility	Energy Efficiency (EE)	Climate tech businesses contributing to CO2 reduction
Solar - Commercial & Industrial (C&I)	EV fleet companies & EV manufacturers	EE / Green buildings	Waste recycling; Waste to Energy
Wind - Commercial & Industrial (C&I)	EV charging infrastructure	Cooling / Heating as a Service; Lighting as a Service	Energy Efficient logistics
Renewable Energy C&I + Storage	EV battery swapping	IoT based smart building management systems	Water recycling; Energy Efficient cold storages
USD 420 billion (India) USD 140 billion (SE Asia)	USD 200 billion (India) USD 100 billion (SE Asia)	USD 1.4 trillion (India) USD 450 billion (SE Asia)	USD 300+ billion (India) USD 200+ billion (SE Asia))

← Investment Potential* →

*Sectoral investment potential are based on Company research and estimates

C&I – Commercial & Solar, EV – Electric vehicles, EE - Energy Efficiency

Key Drivers

- Significant potential
- Rapid growth of clean energy and environmental services sectors in Asia
- responsAbility's head start and strong brand equity in Asia
- Expertise of the team in the proposed investment segments
- High degree of additionality

EXPECTED PORTFOLIO COMPOSITION

Focus on a mix of early-stage to late-stage growth companies that cater to C&I customers

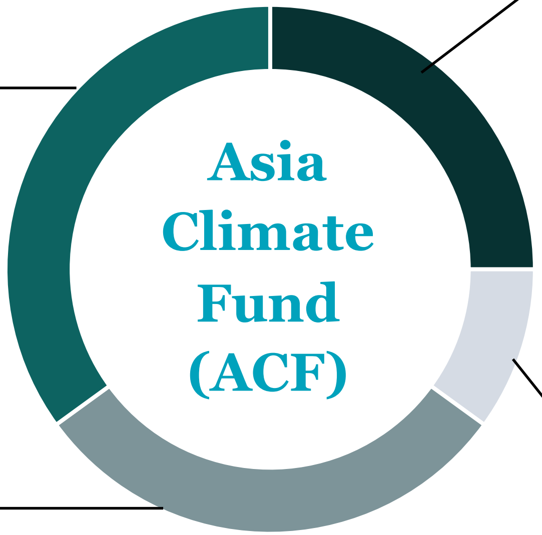
30 – 45% - Renewable Energy C&I companies & storage solutions

ACF would tap into existing strong network of C&I Renewable Energy companies to allow for faster ramp-up of the fund

25 – 35% - Energy Efficiency

Focus on companies providing EE products on lease basis to C&I customers

Opportunistically to also target green infrastructure which meet return thresholds



25 – 35% - Electric Mobility

Strong pipeline as team has received several proposals in the EV space

Focus also on EV value chain such as battery swapping

0-20% - Opportunistic investments in climate technology companies

Opportunistic investment opportunities in new segments

Source : responsAbility as of 30.09.2022. For illustrative purposes only. Subject to change.

INVESTMENT SOLUTIONS

ACF to provide a mix of debt solutions targeting different capital requirements

Product	Senior secured loans	Mezzanine / Sub-debt	Convertibles / equity linked / profit participation
Portfolio Composition	60% - 75%	10%-25%	10%-25%
	Provided to early to late-stage growth companies servicing C&I customers as a lot of the debt requirement is expected to be for financing assets and leasing solutions being offered to the customers. This would mostly be in the form of senior secured debt.	Targeted towards late-stage growth companies as the equity available in the space is still very limited. This would allow for deployment of more assets with limited equity capital. ACF would target portfolios which are operational and have stable cashflows.	Product for Early-stage growth companies as a substitute to equity for new climate finance technologies or business models. To help overcome the lack of equity funds available for early-stage climate technology companies.

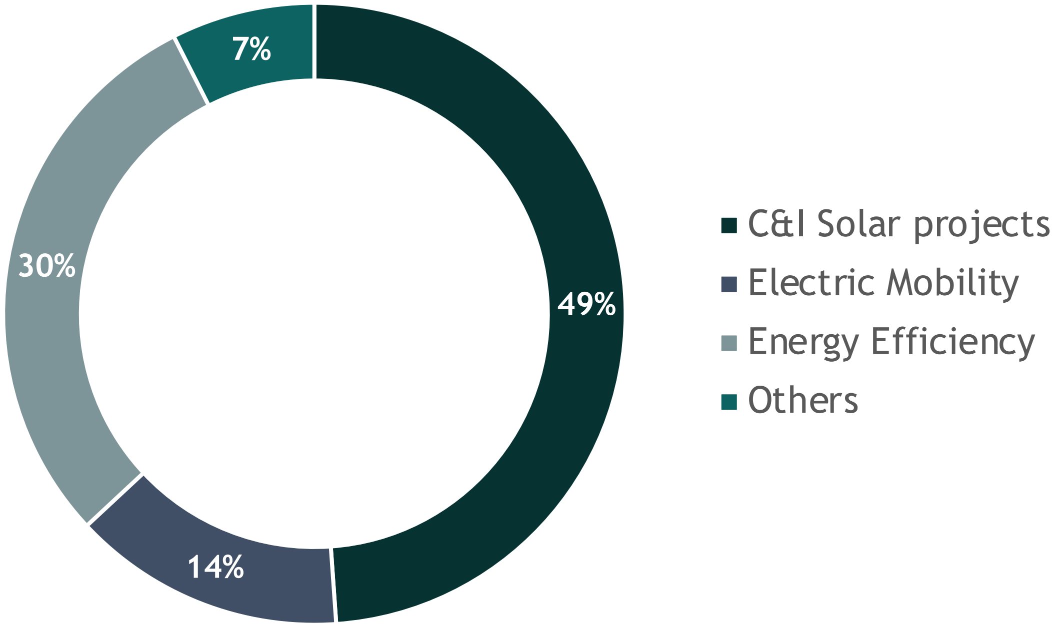
The Mezzanine / Sub-debt and convertible solutions would also provide growth capital to companies

Source : responsAbility as of 30.09.2022. For illustrative purposes only. Subject to change.

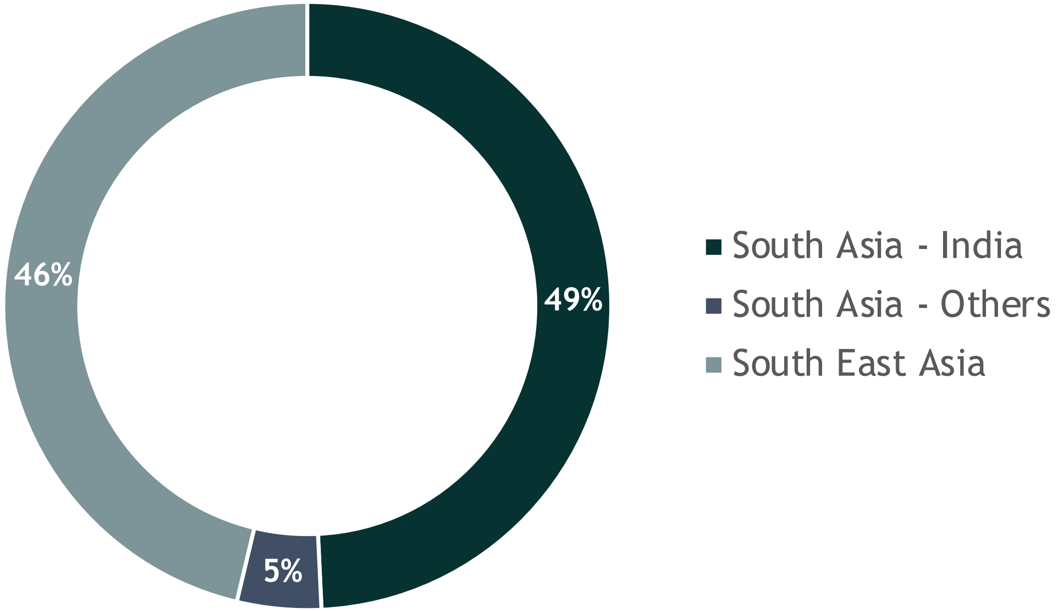
INDICATIVE PIPELINE

On-going discussions with 20+ companies with potential transactions of USD 250+ million

Pipeline by Business Segment



Investment pipeline by region



The aim of the Fund is to construct a diversified portfolio across different business segments and regions, while also allowing some flexibility to adapt to the fast-changing climate finance developments

Source : responsAbility as of 30.09.2022. For illustrative purposes only. Subject to change.

EXPECTED CLIMATE IMPACT OF ACF

ACF would fund projects to enable and foster market transformation so to meet climate mitigation objectives

Sector	Impact performance indicator	Fund level climate impact
Renewable Energy	Renewable energy capacity created (MW) RE + Battery storage capacity created (MWh)	CO_2 impact Around **10 million tonnes of lifetime CO_2** emission reductions
Electric Mobility	Quantity of fuel saved (litres) No of EVs financed No of batteries manufactured	
Energy Efficiency	Energy savings achieved (MWh) % energy savings achieved compared to the baseline	Average **portfolio CO_2 savings of 40%** (including RE)
Circular Economy	Quantity of waste recycled (tonnes) Energy savings achieved in the process by reduction of virgin material use (MWh)	

ACF will have a dedicated "Carbon impact assessment and monitoring framework"

IMPACT OF CLIMATE FINANCE

ACF's Impact Profile

ACF would not only address climate change by reducing CO_2 emissions and increasing resilience to its negative consequences, but also generate access to reliable clean energy for SMEs in the developing world and foster innovation in new clean energy solutions

Clean energy would produce low levels of air and water pollution, tackling an important issue in the developing world linked to many diseases. With the use of clean energy solutions, health in the developing world should improve gradually

Financing clean energy solutions increases employment globally including the participation of women in the workforce reducing poverty and improving the gender balance. ACF would also focus on fostering new partnerships between key stakeholders around the globe to fast-track technological improvements

Key SDGs

THE PROPOSAL

Expected key terms of ACF (as of December 2022)

Fund	Luxembourg SICAV-RAIF
Portfolio manager	responsAbility Investments AG, Switzerland
Target size	Up to 500 million
Shareholder structure	Min. 15% Junior share class and max. 85% Senior share class
Credit risk protection	Up to 25% (the Junior class is subordinated to Senior class and protects it from all losses until fully depleted. Additionally, the Junior class' net return is capitalized, and could potentially provide total protection of up to 25%)
Target senior return	7 - 8% p.a. (net of fees)
Tenor	10 years with option to extend twice by one year
Investment strategy	Focus on maximizing CO_2 mitigation impact and supporting scale-up of new technologies with core focus on distributed energy generation and storage, electric mobility and energy efficiency
Geography	Mainly Asia Pacific (India up to 40%-50%, South and Southeast Asia 50%-60%)
Asset class	Senior secured (60%-75%), Mezzanine (10%-25%) and Convertible products (10%-25%)
Loan size	Max. 7.5% (range from USD 10 – 35 million with an average of ~USD 15 - 20 million)
Loan tenors	Medium (5-7 years) to long term (8+ years)
Investment period	4 years
Portfolio yield	Targeted average gross portfolio yield of 8% - 9% p.a.
Foreign currency exposure	The fund may provide financing in USD, Euro and in several local currencies where the investees operate. Currency risks resulting from non-USD investments are generally hedged
Portfolio manager fees	1.50% p.a. management fee on invested assets; and Carried interest of 10% over a dual hurdle rate of 5% Senior IRR and a portfolio CO_2 reduction of 20%, with catch up

Source: responsAbility Investments AG. All figures which refer to the investment opportunity in this information material are purely indicative and not a guarantee of future results. Management fees, deposit fees, performance fees, commission fees, and other fees may influence the performance negatively. Target return is not a projection, prediction or guarantee of future performance, and there is no certainty that the target return will be reached. An investment may lead to a financial loss. Future performance is subject to taxation, which depends on the personal situation of each investor, and which may change in the future.

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THANK YOU

DISCLAIMER

This information material was produced by responsAbility Investments AG (“responsAbility”), Zollstrasse 17, 8005 Zurich, and relates to responsAbility Asia Climate Fund, SICAV-RAIF (“Product”).

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The Product is intended to be organized as an investment company with variable capital under the Luxembourg Law of 23 July 2016 on reserved alternative investment funds (société d’investissement à capital variable-fonds d’investissement alternatif réservé, SICAV-RAIF).

Q&A

Further Process and Contacts of the Asset Managers

There will be no follow-up from the Alliance side – the members can address to the asset managers directly in case they want to learn more about the vehicle or the company.

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Thank you

Net-Zero Asset Owner Alliance