Sustainability-related disclosures

Summary

- **No significant harm to the sustainable investment objective:** The Helios CLEAR Fund SCSp (the "Fund" or "CLEAR") considers indicators for adverse impacts on sustainability factors through the application of Helios's ESG Management System ("ESG-MS") and pre-investment ESG due diligence processes. The Fund has defined a set of ESG KPIs where all portfolio companies will report against a consistent set of metrics on either a quarterly or annual basis. This set includes KPIs that are aligned with the principal adverse impact indicators in Table 1 of Annex 1 and certain additional indicators in Tables 2 and 3 of Annex 1 of the Regulatory Technical Standards.

- **Sustainable investment objective of the financial product:** To make investments in businesses that deliver high climate impact – both mitigation and adaptation – while achieving long-term financial return objectives, the Fund will invest in or create businesses whose products and services in Africa: (i) seek to avoid and reduce carbon emissions; and/or (ii) enable sectors and populations to become more resilient and adapt to climate change. The Fund is expected to make majority, significant minority equity and structured investments, directly or indirectly, in companies and projects that support these objectives.

- **Investment strategy:** The Fund is expected to make majority, significant minority equity and structured investments. The Fund will seek to invest primarily in multi-country businesses with assets and / or operations principally located in Africa and in global businesses that derive a substantial proportion of their revenue from Africa (or whose operations otherwise have a substantial association with countries in Africa). CLEAR will seek investments in five thematic focus areas, chosen for their scope of the opportunity (both financial and climate), readiness for investment, established strategic relationships and potential for successful exits. These thematic focus areas are: climate-smart food & agriculture, green transport, green energy solutions, resource efficiency and climate enablers.

- **Proportion of investments:** The Fund will deploy all of its capital into climate mitigation and/or climate adaptation across the five thematic focus areas (Climate-smart food & agriculture, green transport, green energy solutions, resource efficiency and climate enablers).

- **Monitoring of sustainable investment objective:** During the hold period, the Fund will closely monitor the extent to which each portfolio company is delivering the climate impact/benefit sought by the CLEAR Investment Committee ("IC"). CLEAR will select sustainability indicators that are tailored to the economic activity, sector and geography underpinning the relevant investment. In respect to the sustainable investment objectives, we would expect to monitor and report against the following climate impact metrics: (i) seek to avoid and reduce carbon emissions, and (ii) enable sectors and populations to become more resilient and to adapt to climate change.

- **Methodologies:** To deliver on the sustainable investment objectives, CLEAR's investment process comprises a rigorous climate assessment alongside conventional commercial evaluation. Each potential investment will be evaluated across six critical dimensions of climate impact (Emissions Reduction Potential ("ERP"), decarbonization potential, adaptation impact, System change impact, sequestration potential, and physical and transition risk. Where possible, the potential climate benefits of investments will be quantified.

- **Data sources and processing:** CLEAR will utilize a number of data sources to attain the sustainable investment objective. These will include responses from investee companies during pre-investment diligence, implementation and annual update of action plans covering climate impact, decarbonization and ESG, prepared by CLEAR or third-party consultants appointed by CLEAR (with the investee company's agreement), and an annual ESG review of portfolio companies. A combination of methods is used to process data, including portfolio company management teams, supported by the Fund investment team, populating annual reports, and CLEAR's utilization, where relevant, of a third-party reporting platform to gather and store data.

- **Limitations to methodologies and data:** Limitations relating to methodologies and data arise primarily because of a lack of available data from portfolio companies and/or a lack of infrastructure in place for the collection and processing of relevant data by investee companies. In some cases, investments may be made in early or growth-stage businesses that have not yet developed adequate data collection processes. The Fund's goal is to conduct quantitative assessments of climate impact. However, this may not be possible in all instances, for example when data is too unreliable / hard to come by to warrant actual calculations, the solution is an 'enabling' one, or the solution is oriented towards adaptation rather than emissions reduction and there are no broadly accepted quantitative indicators of success. In such cases, CLEAR will undertake a qualitative assessment of potential adaptation outcomes. In evaluating an investment, CLEAR expects to depend upon information and data provided from a number of sources, including the portfolio companies and/or third-party reporting or advisors, which may be incomplete, inaccurate or unavailable, and which could cause CLEAR to incorrectly identify, prioritize, assess or analyze a company's ESG practices and/or related risks and opportunities. With respect to adaptation investments specifically, limitations to methodologies and data include ensuring sufficient attention is paid to understanding local conditions and hazard vulnerability (without incurring excessive costs or making the process too onerous), and identifying adaptation indicators that allow for aggregation and/or comparison across the portfolio.

- **Due diligence:** The Fund shall undertake targeted due diligence on investments in support of the sustainable investment objectives outlined above at four key stages, comprising (i) an initial climate screening, (ii) preliminary review, (iii) a more comprehensive evaluation, and (iv) final approval. Commercial due diligence shall also be undertaken at each of the stages (i) - (iv).

- **Engagement policies:** As described above, CLEAR shall undertake an annual ESG review of portfolio companies, which may include physical site visits, as outlined in the Helios ESG-MS during the holding period of an investment. The frequency of physical visits shall depend on CLEAR's risk classification of the portfolio company: companies deemed to be at higher risk will be reviewed and audited more frequently.

- **Attainment of the sustainable investment objective:** No index has been designated as a reference benchmark to meet the sustainable investment objective.

No significant harm to the sustainable investment objective

The Helios CLEAR Fund SCSp (the "Fund" or "CLEAR") considers indicators for adverse impacts on sustainability factors through the application of Helios's ESG Management System ("ESG-MS") and pre-investment ESG due diligence processes.

The Fund has defined a set of ESG KPIs where all portfolio companies will report against a consistent set of metrics on either a quarterly or annual basis. This set includes KPIs that are aligned with the principal adverse impact indicators in Table 1 of Annex 1 and certain additional indicators in Tables 2 and 3 of Annex 1 of the Regulatory Technical Standards[1].

Through its due diligence on ESG matters (as set out in the ESG-MS), CLEAR screens for alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. CLEAR incorporates improvements aligned with these standards in the 100-day action plan for the businesses in which the Fund invests.

CLEAR encourages the businesses in which the Fund invests to work towards full compliance with international standards, including with the IFC Performance Standards, British International Investment Code of Responsible Investment, International Labor Organization (ILO) Fundamental Conventions and with the United Nations (UN) Universal Declaration of Human Rights.

Sustainable investment objective of the financial product

To make investments in businesses that deliver high climate impact – both mitigation and adaptation – while achieving long-term financial return objectives, the Fund will invest in or create businesses whose products and services in Africa: (i) seek to avoid and reduce carbon emissions; and/or (ii) enable sectors and populations to become more resilient and adapt to climate change. The Fund is expected to make majority, significant minority equity and structured investments, directly or indirectly, in companies and projects that support these objectives.

CLEAR will, where possible, seek to align with the ambitions of the Paris Agreement by investing in companies and entities that support African countries' low carbon development pathways.

Investment strategy

Investment strategy used to attain the sustainable investment objective

The Fund is expected to make majority, significant minority equity and structured investments. The Fund will seek to invest primarily in multi-country businesses with assets and / or operations principally located in Africa and in global businesses that derive a substantial proportion of their revenue from Africa (or whose operations otherwise have a substantial association with countries in Africa).

CLEAR will seek investments in five thematic focus areas, chosen for their scope of the opportunity (both financial and climate), readiness for investment, established strategic relationships and potential for successful exits. For every investment, we will seek to assess any potential adaptation benefits/outcomes, across all of the thematic focus areas listed below:

- Climate-smart food & agriculture
- Green transport

[1] Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088

- Green energy solutions
- Resource efficiency
- Climate enablers

These five thematic areas have been selected not only for market opportunity but also for their relevance to the climate transition. This is partly a factor of the emissions intensity of the sectors themselves and partly the availability of new solutions and technologies in each area to reduce or eliminate emissions.

Policy to assess good governance practices of the investee companies

In accordance with the implementation of the ESG-MS, the Fund will assess the good governance practices of investee companies in a number of ways, including through:

- Pre-investment screening for alignment with Helios' Business Principles.
- Pre-investment legal and/or ESG due diligence relating to good governance practices, as applicable, including employee relations and labor standards, corporate governance matters and tax compliance.
- ESG corrective action plans that address the gaps identified in the ESG due diligence which the investee company's management team will provide a contractual undertaking to implement and will be monitored by the board.
- An annual independent review of the ESG contractual undertakings by investee companies to assess:
    - material adherence[2] with ESG requirements in relation to working conditions and labor rights in accordance with IFC Performance Standard 2 Labor and Working Conditions and the International Labor Organization's Standards including Equal Opportunities, Anti-Harassment and Bullying and Maternity Rights.
    - material compliance[3] with Business Integrity standards (e.g. UK Bribery Act and Foreign Corrupt Practices Act ("FCPA"), which include policies and procedures to prevent extortion, fraud, bribery, corruption, money laundering, terrorist financing and tax evasion and a Code of Ethics which must incorporate a whistle-blower policy, as well as regular monitoring of the Sanctions Lists.

Proportion of investments

The Fund will deploy all of its capital into climate mitigation and/or climate adaptation across the five thematic focus areas (Climate-smart food & agriculture, green transport, green energy solutions, resource efficiency and climate enablers).

Monitoring of the sustainable investment objective

<u>Climate Monitoring</u>

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[2] Material adherence/compliance: Where the majority of the ESG/Business Integrity requirements are in compliance or where is an agreed corrective actions to address any significant gaps.

During the hold period, the Fund will closely monitor the extent to which each portfolio company is delivering the climate impact/benefit sought by the CLEAR Investment Committee ("IC").

CLEAR will select sustainability indicators that are tailored to the economic activity, sector and geography underpinning the relevant investment. In respect to the sustainable investment objectives, we would expect to monitor and report against the following climate impact metrics:

1. Seek to avoid and reduce carbon emissions:

- Emissions avoided: tonnes of CO_2e avoided as a result of new, lower GHG-emitting products being brought to market to replace existing, more GHG-intensive options.

- Scope 1-3 emissions reduced (tonnes of CO_2e) by portfolio companies during hold period.

2. Enable sectors and populations to become more resilient and to adapt to climate change:

- Total investment in adaptation (USD $m): this is a proxy measure as there is no common indicator of success available for climate adaptation investments. Where solutions produce both mitigation and direct adaptation benefits (as is the case, for example, with solar irrigation) the Fund will consider the entire investment sum to count towards this figure. In all cases the Fund will also seek to develop investment specific adaptation indicators (see below).

The Fund will also separately track, annually and across the lifetime of the fund, MegaWatts of renewable energy generation capacity added.

Adaptation indicators

Metrics for tracking an investment's contribution to adaptation will fall into four broad categories:

- Inputs: e.g. USD$ dedicated to adaptation investments (a primary indicator, as noted above, because it provides a common metric across all investments).

- Actions: e.g. number / type of people reached by a given adaptation solution, with attention also paid to factors such as relative access to adaptation benefits by different socio-economic groups.

- Outputs: the effect that the portfolio company has on proximate indicators such as income, diet composition, food loss.

- Outcomes: the impact of the portfolio company's operations on overall vulnerability to climate change (shifts in established vulnerability metrics such as outmigration, children being removed from school, calories below a certain level, etc.).

The Fund will look to move beyond inputs and actions to measure more meaningful indicators around outputs and outcomes – but we will need to determine the extent to which this is possible for any given investment.

The Fund will track and contribute to emerging approaches around the development of overall portfolio climate metrics and put in place a tracking system within two years of first close.

Methodologies

To deliver on the sustainable investment objectives, CLEAR's investment process comprises a rigorous climate assessment alongside conventional commercial evaluation. Each potential investment will be evaluated across six critical dimensions of climate impact. Where possible, the potential climate benefits of investments will be quantified.

These six-dimensions cover:

1. **Emissions Reduction Potential ("ERP"):** This is a forward-looking assessment of the expected reduction in emissions from the substitution of an incumbent, high-emitting product with a lower carbon alternative (e.g., when an internal combustion engine vehicle is substituted by an electric equivalent). ERP calculations are based on a combination of actual emissions data, projections of future emissions and assessment of commercial / roll-out potential. ERP can often be quantified, though this may not be possible if confidence in the underlying data is too low or if the solution is an enabling one where direct causality is hard to attribute.

2. **Decarbonization potential:** We will seek to understand both the existing GHG profile of the potential investment (scope 1-3 emissions) and the potential for these emissions to be reduced over the hold period. We anticipate that most companies that CLEAR engages with will not have undertaken detailed GHG footprinting exercises in advance of CLEAR's investment, making it hard to go beyond an 'orders of magnitude' calculation in this area, prior to investment. We will also be considering management's commitment to decarbonization and the leverage that the company has over scope 3 emissions (those of suppliers and customers).

3. **Adaptation impact:** We will screen all potential investments for adaptation impact, regardless of whether the principal focus is mitigation. This will enable us to maximize any identified adaptation benefits during the hold period. When considering adaptation impact, we will be looking at how a solution helps populations or sectors adapt to known climate risks. Where possible we will aim to understand the numbers of people / businesses reached and any other relevant quantitative metric of adaptation potential (e.g., area irrigated). We do not, however, anticipate being able to quantify everything or draw meaningful quantitative comparisons between potential adaptation investments.

4. **System change impact:** This is a qualitative assessment of the extent to which a company, through its products or services, contributes to overall system change (a paradigm shift in the delivery of a product or service) as opposed to just generating incremental climate benefits. Factors considered here include the importance of the sector / solution to climate transition, the uniqueness of the solution, any lock-in or enabling effects that prevent backsliding and how successful deployment of the solution might help shift policies to further accelerate the climate transition.

5. **Sequestration potential:** While CLEAR will not pursue investments that are exclusively targeted towards carbon sequestration, we will seek to maximize any sequestration benefits associated with investments. (For example, where there are opportunities for carbon storage in trees or soils as an additional benefit of the investment).

6. **Physical and transition risk:** Understanding how companies' assets and supply chains could be impacted by both physical and transition climate risks under different future scenarios is an important input into the investment decision-making process as well as being an important input into the overall CLEAR risk management strategy.

External support will be brought in to support the evaluation process and ensure utmost rigor, as required.

Data sources and processing

Data sources used to attain the sustainable investment objective of the Fund

CLEAR will utilize a number of data sources to attain the sustainable investment objective. These will include:

- Responses from investee companies during pre-investment diligence;

- Implementation and annual update of action plans covering climate impact, decarbonization and ESG, prepared by CLEAR or third-party consultants appointed by CLEAR (with the investee company's agreement);

- Undertake an annual ESG review of portfolio companies, which may include physical site visits, as outlined in the Helios ESG-MS. The frequency of physical visits shall depend on CLEAR's risk classification of the portfolio company. CLEAR shall ensure appropriate training is given to auditors and may involve external auditors where necessary.

Measures taken to ensure data quality

A number of measures are taken to ensure data quality, including:

- Bi-annual tracking of decarbonization, avoided emissions, adaptation impact, development impact and ESG indicators provided by the investee companies.

- Annual external verification of all indicators, including both ESG and climate benefits, to be shared with investors, regulators and potentially placed in the public domain.

Data processing

A combination of methods is used to process data, including:

- portfolio company management teams, supported by the Fund investment team, populating annual reports;

- CLEAR's utilization, where relevant, of a third-party reporting platform to gather and store data.

Proportion of data estimated

- CLEAR recognizes that data may be very scarce in the geographies in which the Fund will invest. CLEAR may make assumptions about impact or use proxy data.

Limitations to methodologies and data

Limitations relating to methodologies and data arise primarily because of a lack of available data from portfolio companies and/or a lack of infrastructure in place for the collection and processing of relevant data by investee companies. In some cases, investments may be made in early or growth-stage businesses, that have not yet developed adequate data collection processes.

As noted above, the Fund's goal is to conduct quantitative assessments of climate impact. However, this may not be possible in all instances, for example when:

- data is too unreliable / hard to come by to warrant actual calculations;

- the solution is an 'enabling' one – for example a software solution that helps with the deployment of low GHG products or approaches but that is not directly responsible for emissions reductions, making the causal chain too unreliable; or

- the solution is oriented towards adaptation rather than emissions reduction and there are no broadly accepted quantitative indicators of success. In such cases, CLEAR will undertake a qualitative assessment of potential adaptation outcomes.

In evaluating an investment, CLEAR expects to depend upon information and data provided from a number of sources, including the portfolio companies and/or third-party reporting or advisors, which may be incomplete, inaccurate or unavailable, and which could cause CLEAR to incorrectly identify, prioritize, assess or analyze a company's ESG practices and/or related risks and opportunities.

CLEAR may instruct portfolio companies to undertake 'limited' external assurance [3]on how the climate impact, ESG and development impact data is collected and the reliability and accuracy of that data. As a result, CLEAR may decide at its discretion not to utilize certain information provided by portfolio companies.

With respect to adaptation investments specifically, limitations to methodologies and data include:

- ensuring sufficient attention is paid to understanding local conditions and hazard vulnerability (without incurring excessive costs or making the process too onerous); and

- identifying adaptation indicators that allow for aggregation and/or comparison across the portfolio.

Due diligence

The Fund shall undertake targeted due diligence on investments in support of the sustainable investment objectives outlined above at four key stages, comprising (i) an initial climate screening, (ii) preliminary review, (iii) a more comprehensive evaluation, and (iv) final approval. Commercial due diligence shall also be undertaken at each of the stages (i) - (iv).

Initial climate screening

The initial climate screening will make an early assessment across all of the dimensions of climate impact noted above (ERP, decarbonization potential, adaptation impact, system change impact, sequestration potential and physical and transitional risk), noting which ones are relevant/applicable.

Due diligence at this stage may include:

1. Outlining the nature and magnitude of the ERP, if any, by understanding the GHG emissions of the sector / geography in which the company / solution operates.

2. Developing an initial understanding of likely magnitude of scope 1-3 emissions, and challenges to / opportunities for reduction.

3. Screening investments for potential direct contribution to adaptation.

4. Developing an initial hypothesis of potential system change impact.

5. Consideration of potential sequestration opportunities.

6. High-level identification of physical risks (including extreme weather events) and transition risks (including policy, regulatory, technical, market, reputational, political and legal risks).

Preliminary climate review

[3] Limited external assurance will provide (where possible) external verification on climate impact, ESG and development impact metrics and data from a third-party external assurance provider on an annual basis. The relative immaturity of ESG and climate impact data means that it is unlikely to be possible at this stage to provide 'full' or 'reasonable' assurance in all circumstances.

The Preliminary climate review is also oriented around the relevant and/or applicable dimensions of climate impact noted above. It focuses on a preliminary quantification of the climate impact of a potential investment which may include:

1. Making an initial assessment of per unit avoided emissions.

2. Quantifying, or where data is not available estimating, scope 1-3 emissions and considering opportunities to reduce these.

3. Developing a deeper understanding of adaptation potential through assessment of the physical climate risk being addressed and the significance and distribution of positive impact.

4. Deepening the understanding of the potential of the company's products or services to contribute to overall system change.

5. Further assessing the extent sequestration that may be achieved and the quality of that sequestration (especially with respect to durability).

6. Assessing physical climate risk using data sourced from external sources and investigating and summarising potential transition risks.

Where it has previously been established that a company has no ERP, for example if it is fully oriented towards adaptation, the ERP step will be omitted. Likewise, should an investment have no impact on adaptation or no sequestration benefits, the corresponding assessment steps will be omitted.

Climate evaluation

At this stage the team will finalize the comprehensive climate impact analysis, building on the work of previous stages and addressing any gaps/issues identified for the prospective investment.

Examples of key activities for this final stage of the analysis may include:

1. Refining and extending calculations of ERP, and potentially developing various scenarios for ERP magnitude.

2. Finalising analysis of decarbonization potential / complexity for the target company, including assessment of company commitment to change.

3. Developing detailed metrics to track adaptation post-investment (relevant inputs, actions and, where feasible, outputs and outcomes).

4. Making a full and detailed evaluation of system change impact, including the emissions profile of the relevant sector, the importance and uniqueness of the solution, and whether the solution fills a key technology or capability gap, facilitates development of other low-GHG technologies, creates jobs, changes behaviour and may influence policy or regulation.

5. Refining the assessment of the extent and durability of sequestration.

6. Where a concern remains, conduct a full risk assessment of physical and transition risks in conjunction with a third-party consultant to analyse different climate risk scenarios on the target company.

Final approval

The Fund will make, or commit to make, investments only upon the approval of the AIFM and the General Partner of the Fund, following the recommendation of the CLEAR IC. In turn, the CLEAR IC will only make such a recommendation upon the unanimous consent of its members.

Engagement policies

As described above, CLEAR shall undertake an annual ESG review of portfolio companies, which may include physical site visits, as outlined in the Helios ESG-MS during the holding period of an investment. The frequency of physical visits shall depend on CLEAR's risk classification of the portfolio company: companies deemed to be at higher risk will be reviewed and audited more frequently.

Attainment of the sustainable investment objective

No index has been designated as a reference benchmark to meet the sustainable investment objective.