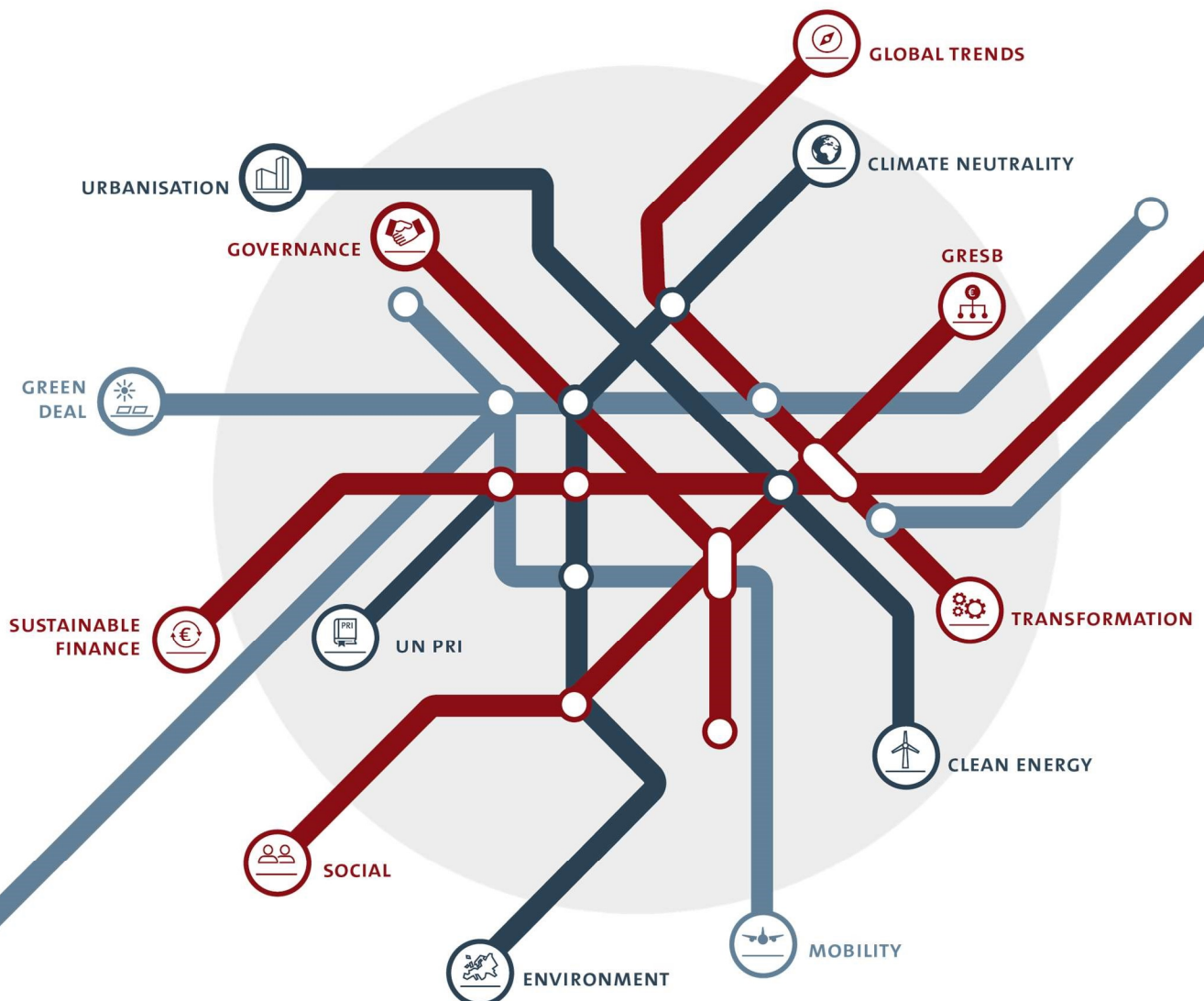


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Status: 28 May 2021

RESPONSIBLE INVESTMENT POLICY FOR SUSTAINABLE INFRASTRUCTURE



SUSTAINABILITY STRATEGY OF KGAL GROUP

In 2020, KGAL Group ("KGAL") adopted a mission statement that incorporates environmental protection requirements into its strategic goals. KGAL not only aims to offer sustainable products for investors, but also to play a sustainable role in society. To reinforce this, KGAL signed the United Nations Principles for Sustainable Investment ("UN PRI") in September 2018. Consequently, sustainability aspects are an integral part of KGAL's business and risk strategy. KGAL's investment strategy considers megatrends such as urbanisation, clean energy, mobility, and urban infrastructure, while also meeting environmental, social, governance (ESG) criteria, and it continually adapts to meet new requirements. This understanding not only provides a future-proof basis for KGAL's investments, but also contributes to the 17 goals of the United Nations Sustainable Development Goals ("UN SDGs").

In line with the regulatory requirements for dealing with sustainability risks, KGAL has set itself the goal to ensure that all risks, including ESG risks, are taken into consideration across all asset classes and during all phases of the investment process. Furthermore, KGAL is committed to contributing to national and European climate targets by striving to become a climate-neutral business across all of its operations by 2050. Physical and transitory climate-related risks are assessed for all of its asset classes based on internal workshops with Risk-Management, Portfolio Management, Asset Management and Sustainability teams. KGAL views climate-related risks as factors influencing (financial) risks already taken into consideration. It continuously expands its risk-due diligence and integrates climate-related risk into its standard risk reporting procedures.

KGAL's business model excludes business activities in connection with the manufacturing of weapons of all kinds, nuclear power plants, fossil fuels and gambling. KGAL Group also does not invest in financial derivatives linked to food commodity prices.

Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation "SFDR") sets out ESG-related disclosure requirements. As an active asset manager, KGAL firmly believes that sustainable business practices go hand in hand with the economic value created by the sustainability of products. Within its Sustainable Infrastructure asset class, it targets sustainable investments, and considers decarbonisation of the economy as one of its main objectives. Therefore, KGAL will classify all new products as Article 9 ("Impact Product"). In addition, it commits to categorizing all of its existing funds as Article 9 products.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS AND HOW OUR INFRASTRUCTURE INVESTMENTS MAKE A DIFFERENCE

Investments, by their very nature, have an impact on the world we live in. KGAL believes that adhering to the ESG investment policy of its Infrastructure investments will have a positive impact on the environment while creating financial benefit for its customers. In this way, KGAL can make a measurable contribution to achieving the UN SDGs.





As a developer and operator of renewable energy (“RE”) assets, KGAL’s Infrastructure investment strategy is by nature very much aligned with the UN sustainable development goal of ensuring access to affordable, reliable, sustainable and clean energy. Power generation based on fossil or nuclear fuels was the backbone of global energy supply for decades, ignoring externalities and thus creating a global stock of polluting generation. It was therefore necessary to create a level playing field for new renewable energy technologies and this was achieved by granting government incentives to RE operators to provide consumers with affordable access to clean energy. Within two decades, renewable energy technologies have closed the financial gap with traditional energy sources and have now achieved grid parity while maintaining their major sustainability advantage.



While investment and financing are global, development, construction and operation of renewable energy is performed locally. The renewable energy industry has created several hundreds of thousands jobs – both high-skilled and low-skilled – resulting in many more jobs than lost within the “old” industries it replaced. The energy transition in itself is a growth factor for the economy providing a decent and safe work environment. KGAL Infrastructure has therefore implemented an Occupational Health and Safety system that exceeds existing industry standards, which has been extended to all subcontractors and is monitored continuously.



With investments in renewable energy plants, KGAL Sustainable Infrastructure has been a major contributor to the “Energiewende” (energy transition), starting in Germany and now extending its ambitions to the whole world. Being at the forefront of new technologies such as photovoltaic or wind power plants always requires educational work to promote the idea of a sustainable power generation infrastructure and thus, fostering innovation in new technologies. During its 20-year investment history, KGAL has supported industrialization in both solar PV and wind power. Its first solar PV investment was one of the largest at that time solar PV plant in the world with an installed capacity of 5.3 MWp and modules in the 160Wp range. New projects have scaled to 500 MWp and higher and are supplied with four times more powerful 600Wp+ modules. Each of its investments not only supports the transition to a sustainable infrastructure but also paves the way for future innovation.




Responsible consumption and production always starts with a sound and sustainable development and is followed by efficient procurement and installation. However, the best way to reduce the material footprint is to operate existing assets as efficiently and for as long as possible. KGAL Sustainable Infrastructure, as a sustainable asset manager, has always put a lot of effort into long-term maintenance to ensure an efficient and long-lasting operation. This approach has enabled KGAL to extend the economic life of its renewable assets by an average of ten years and is now reaching 30 years+. However, once a plant reaches the end of its technical life, KGAL ensures environmentally friendly and sustainable decommissioning by providing sufficient funding and by salvaging useful existing infrastructure where possible.



Commitments by nations to sustainable goals (COP21) or corporates taking the necessary action on climate change (Climate Action 100+) need to be implemented through real action. The installation of renewable energy projects provides physical assets to these participants to help them achieve their goals. For example, the European Council adopted the further expansion of renewable energy as one of the most important climate goals until 2030/2050 and KGAL Infrastructure is proud to contribute to this roadmap.

THE UNITED NATIONS SUPPORTED PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) AND HOW KGAL WILL ADHERE TO THEM

	<p>PRI Principles</p> <p>The UN PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors; to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The UN PRI encourages investors to use responsible investment to enhance returns and better manage risks.</p>	<p>How KGAL adopts/implements these principles</p>
<p>Principles for Responsible Investment</p>	<p>1</p> <p>KGAL will incorporate ESG issues into investment analysis and decision-making processes.</p>	<p>ESG issues are key issues that KGAL's asset management teams scrutinise and discuss whilst assessing an investment opportunity. Relevant ESG considerations are then presented in investment proposals for KGAL's internal boards as well as to the respective advisory committees of its investment vehicles.</p>
<p>The United Nations supported Principles for Responsible Investment (PRI) is recognized as the leading global network for investors who are committed to integrating environmental, social and governance (ESG) considerations into their investment practices and ownership policy.</p>	<p>2</p> <p>KGAL will be active owners and incorporate ESG issues into its ownership policies and practices.</p>	<p>KGAL aims to fully control projects held by its investment vehicles. KGAL typically assumes the role of an asset manager for its investments. With its dedicated asset management team, it is able to fully monitor the day-to-day operation of its renewable energy plants. As an active asset manager, KGAL provides its funds and their investors with regular ESG reports. As KGAL focusses on Renewable Energy Generation and Related Infrastructure, its investments are typically made through Special Purpose Vehicles ("SPV"), characterised by highly specialised and limited corporate purpose and no broader corporate business activity. Where its funds acquire majority shareholdings in these companies, each company will</p>

KGAL has signed the PRI in 2018 and uses the PRI Framework to benchmark ESG best practice and showcase its ESG capabilities to the wider investor community.

KGAL implements these principles in the management of its various investment funds.

enter into an administration agreement with the Alternative Investment Fund Manager (“AIFM”) ensuring the alignment with the AIFM’s governance regulations. Where the fund acquires minority shareholdings it and/or its holding will use its shareholder’s rights to promote respect for human rights, transparency and the rule of law. Service level agreements with service providers contain clauses with response times of 24 hours or a maximum of two days in the case of incidents or accidents. Furthermore, KGAL has a comprehensive code of conduct policy in place that stipulates an immediate incident communication. This entails the ad-hoc reporting process to investors but also to public/regulatory entities, contractors, suppliers and any other special interest group or stakeholder.

This is part of KGAL’s in-house risk management procedure and also covers ESG-related misconduct, penalties, incidents or accidents associated with the entity. If such an incident occurs respective parties will be informed within a few days and thereafter will be kept updated of the incident. The aspects of the incident will be discussed in more detail during board meetings. The communication method by which investors in the fund are informed of an incident are a) quarterly reports or b) ad-hoc reports either via email or phone. With regard to a) The quarterly report contains a qualitative rating for each of the relevant risks, measures to reduce risks and action plans for the limitation of risks, the definition of limits for all essential risk and the risk factors and values for the stress tests simulations. With regard to b) In case of unexpected events or breach of a limit outside of the regular reporting cycle the ad-hoc process will be triggered. The issue will be documented and escalated to the management board and action plans decided.

	3	KGAL will seek appropriate disclosure on ESG issues by the entities in which it invests.	KGAL will research and report ESG issues in all due diligence reports before the acquisition of an asset. It will discuss ESG issues in the monthly project review meetings held between asset management and portfolio management teams and it will initiate measures if necessary. The internal project review sessions maintain an ongoing dialogue with KGAL's technical and commercial service providers for the renewable energy assets. KGAL informs investors of material ESG issues in its quarterly reports and at the meetings of the fund's advisory committees.
	4	KGAL will promote acceptance and implementation of the Principles within the investment industry.	KGAL has been active in the renewable energy sector since 2003 and is a member of PRI since 2018. KGAL maintains close contact with its investors in order to exchange views on its particular ESG approach.
	5	The KGAL team will work together to enhance its effectiveness in implementing the Principles.	KGAL is a member of the PRI and appointed a dedicated sustainability officer in 2018. It has been preparing sustainability reports since 2012 and regularly participates in ESG conferences. KGAL is a learning organisation that constantly strives to improve processes.
	6	KGAL will report on all of its activities and progress towards implementing the Principles.	As a PRI signatory, KGAL is obliged to report on responsible investment activities on an annual basis. It also reports to its funds and their investors on a regular basis. The KGAL Group Sustainability Report is prepared in accordance with the reporting standard of the German Sustainability Code on an annual basis. In addition, KGAL regularly publishes an ESG policy and strategy brochure on its website. In terms of sustainable infrastructure, impact reports are also produced. All information at company and product level as required by the Disclosure Regulation (SFDR) is also published on the KGAL website.

KGAL'S RESPONSIBILITY AS AN INFRASTRUCTURE INVESTOR

Responsible investment and asset management is an essential part of KGAL's investment strategy in the sustainable infrastructure asset class. Since 2003, it has invested on behalf of its investors' solely in renewable energies and managed to build up a portfolio consisting of more than 130 assets across Europe. Its Renewable Energies portfolio not only provides significant support to the transition from fossil fuels and nuclear energy to renewable energies, but also makes a measurable contribution to the United Nation's 17 Sustainable Development Goals.

By focusing on renewable energy investments and supporting infrastructure, KGAL's inherently sustainable investment objective achieves a positive sustainability impact by supporting the transition to a decarbonated economy.

It is KGAL's fiduciary obligation towards its investors to act in their best interest and according to their principles. It is KGAL's goal to invest in assets that create value according to ESG principles and to manage them in a sustainable manner. KGAL believes that this investment approach delivers not only a superior risk-adjusted return for its investors and shareholders but it also creates a positive impact at society as a whole.

KGAL'S INVESTMENT APPROACH FOR SUSTAINABLE INFRASTRUCTURE INVESTING

KGAL's sustainable infrastructure department currently focuses exclusively on the acquisition, development and operation of renewable energy projects in EU 27 and neighbouring countries. When in operation, these projects replace fossil and nuclear-fueled power generation. Neither KGAL nor any of its affiliated companies are involved in the manufacturing of alcohol, tobacco, or weapons and gambling.

From the universe of potential investments, a large portion is therefore not eligible for investment by KGAL's funds, as they do not meet the requirements for responsible investing. In addition to sectors and business areas, this negative selection also extends to countries KGAL does not consider for investment. Investments in fossil or nuclear power generation are ruled out.

KGAL therefore not only monitors the key financial figures of its activities but also takes ESG criteria into consideration when selecting suitable projects before an investment is even deliberated. As KGAL's sustainable infrastructure team exclusively invests in the development, construction and operation of renewable energy projects, all of its projects help to avoid emissions that are harmful to the climate.

With its headquarters in Germany, KGAL is subject to German, European environmental, social, and governance legislation. KGAL is actively committed to its employees and supports them in the context of health and retirement provision.

KGAL is a manager for real capital investments. Within the framework of its fiduciary obligation, it strives to manage its customers' investments in the best possible way and in their interests. All of its investors are entitled to have a say in shareholders' meetings, investment committees and limited partner advisory committees. This enables KGAL to respond to the desire of a growing group of investors wishing to have an influence on the management of their investments. This is particularly pertinent when it comes to ESG issues. KGAL provides its investors with quarterly management reports on all projects within a fund. In addition to financial data, the reports also cover detailed information on the current operation of the plants.

All investments entered into by KGAL's funds in projects for renewable energies contribute to a secure, climate-friendly and affordable energy supply. With these projects, it supports the respective countries to meet quotas for the expansion of renewable energies and decarbonisation. At the same time, its projects create employment on site during construction and operation of the plants. As a result, in addition to the financial investment goals, KGAL achieves measurable success in the area of environmental protection and social impact.

ESG INTEGRATION INTO THE INVESTMENT AND ASSET MANAGEMENT PROCESS

General approach	An investment screening ensures for each investment opportunity that the KGAL Investment Team avoids investments that are contrary to the company's strategy and responsible investment policy			
	Pre-Investment Stage	Construction Stage	Operation Stage	End-life Stage
ENVIRONMENT	Identifying and assessing the impact of the investments on environmental factors			
"Protecting the environment"	Conducting analyses to identify potential impact on environment, typically by third party experts			
	Assessing results of impact analyses and deriving creative mitigation plans to minimize any adverse impacts			
	Complying with all environmental laws and regulations			
	Evaluating the surroundings, conducting impact analyses and developing suitable concepts to minimize negative effects on environment or compensate negative impact	Implementing landscaping and biodiversity plans, installing nuisance reduction capabilities and monitoring systems to meet the requirements of the planning authorities Obligation of contractors to adhere to environmental standards,	Constant monitoring of legal and regulatory requirements and, if requested, reporting to the relevant authorities on the status; Making sufficient provisions for decommissioning.	Optimizing useful life of assets to extend operation with existing assets; Repowering of existing sites and reusing equipment to reduce additional impact on environment Maximizing recycling of worn-out equipment Restoring the project's property to its former condition.
SOCIAL	Identifying and evaluating the impact on social matters.			
"Protecting health and safety"		Following all applicable health and safety laws and regulations		
	Defining and implementing HSE plans			
	Creating a safe work environment for all employees and contractors			

"Respecting local communities"	Identifying and assessing potential community and cultural impacts
	Developing local relationships and engaging stakeholders throughout all stages of the project
	Monitoring community complaints and creating continuously plans to avoid, reduce and mitigate negative impacts
	Employing local contractors, where practical
"Respecting human rights"	Respecting and protecting the human rights of all stakeholders
GOVERNANCE	
"Responsible dealing with risks"	<p>Strong processes in place for dealing with potential incidents. Regular consultation and reporting with investors about ESG issues.</p> <p>KGAL has comprehensive compliance and KYC processes, including sustainability risks, in place. As part of these processes, country risks are assessed according to the criteria of peace status, human rights and the incidence of corruption. The methodology is based on recognised independent sources such as Transparency International, Freedom House and the Global Peace Index.</p>
"Functional and capable management"	<p>KGAL's Management Board, Sustainability Council and Sustainability Officers implement strict governance oversight across every level of the organisation</p> <p>Every single investment made by a fund or SPV within KGAL goes through a multi-stage investment process. New investments are sourced through its transaction management team. Once a due diligence budget has been approved and an initial due diligence review has been conducted, an investment proposal is drawn up and submitted to KGAL's internal investment committee (Incom) for approval. Investment proposals are reviewed by KGAL's Asset Management, Risk Management and Compliance / AML teams and their written statement must be enclosed with the investment proposal. If several funds qualify for an investment, the allocation will be decided and documented by the head of portfolio management based on KGAL's asset allocation policy. Potential conflicts of interest are dealt with by a conflict of interest management committee.</p>
"Sufficient transparency in corporate communication"	<p>As a signatory to the PRI, KGAL also reports annually on its ESG activities as part of the PRI assessment. PRI's private transparency report is available for interested clients.</p> <p>KGAL produces an annual sustainability report, which can be accessed on its website (www.kgal.de). In addition, KGAL's management updates the executives in regular management team meetings, and all employees of the group via written ad-hoc communications and employee meetings. Over and above the management reports, KGAL's investors are kept informed via an annual investor information council. The public is kept informed through social media and press releases.</p>

<p>“Focused on long-term value creation Management decisions geared towards long-term value creation”</p>	<p>KGAL focusses on long-term capital investments for institutional investors. In doing so, it pursues a long-term approach based on a mixture of the following management approaches: negative screening (e.g. exclusion of direct investments in fossil fuels), norm-based screening (e.g. SDG, UN PRI), impact investing (renewable power generated), positive screening/sustainability theme investing.</p> <p>Each investment is assessed on a full life-cycle view. With this approach, KGAL values long-term investment strategies higher than short-term opportunities. Sustainable investing is its priority. Therefore, a total return perspective is more important to KGAL than a short-term maximisation of IRR figures.</p>
<p>“Safeguard the interest of different groups (Stakeholders, Shareholder)”</p>	<p>KGAL maintains an open and honest dialogue with its customers and all other stakeholders who are affected by its business activities. What KGAL does is always based on the needs of its investors, employees and shareholders. It helps its investors to select investment instruments that meet their valued expectations, but also meet the statutory and voluntary ESG requirements. It handles potential conflicts of interest transparently and tries to resolve them in the interests of the investors. The interests of KGAL’s employees are also important and it aims to offer them a pleasant working environment and an adequate work-life balance. For its shareholders KGAL wants to achieve an appropriate return from a sustainable business model.</p>