EUROPEAN
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ANNEX 3

ANNEX

to the

Commission Delegated Regulation (EU) .../...

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX III

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Coöperatief CI3 Global Fund U.A. **Legal entity identifier:** 50033476

Sustainable investment objective

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

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the minimum commitment to sustainable investments]*

☒ **Yes**	☐ **No**
☒ It will make a minimum of **sustainable investments with an environmental objective: 100** %	☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What is the sustainable investment objective of this financial product?

- The objective of the financial product is to contribute substantially to climate change mitigation (ref. EU Taxonomy Regulation, Chapter II, Art. 10 (1)) through the construction and operation of infrastructure that produces hydrogen using renewable energy.
- Mitigation investments contribute substantially to the stabilisation of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement through the avoidance of greenhouse gas emissions. In so doing, mitigation investments contribute to the global action needed to achieve UN Sustainable Development Goal ("SDG") 7 (Affordable and Clean Energy).

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

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

- The following sustainability indicators will be used to assess and measure the attainment of the sustainable investment objective of the financial product:
  - Total capital mobilised (donor/commercial) to finance the production and distribution of green hydrogen (USD)
  - Total renewable power produced per annum (expressed as gigawatt hours, or "GWh")
  - Installed renewable energy capacity (expressed as megawatts or "MW") financed
  - Amount of greenhouse gas (GHG) emissions avoided by the organization during the reporting period (measured as tonnes of carbon dioxide equivalent, tCO_2e)
  - Total number of female jobs created/supported including total number of females in management and senior positions.

- On behalf of the financial product, Climate Fund Managers ("CFM" or the "Alternative Investment Fund Manager" or "AIFM") requires all investee companies to compile and report to CFM sustainability performance against defined sustainability indicators on an annual basis. In addition, the performance of all projects in construction must be reported on a quarterly report. Compliance monitoring, audits and reviews are conducted for and on behalf of CFM of all investee companies on a routine basis to confirm, *inter alia*, compliance with the requirements of the funding agreement, CFM's Responsible Investment Code ("RIC"), CFM's Environmental and Social Management System ("ESMS") which is included as Annex IV of the CI3 Members Agreement; investee company permits and licences, and other defined requirements. Corrective action plans are established to address any identified non-compliances and areas for improvement arising from audits, inspections and accidents and incidents. CFM monitors the progress of all investee companies in addressing these plans.

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

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

- CI3 is committed to responsible investments and will develop, construct and operate its projects in accordance with its RIC and the highest international environmental and social standards ("CFM E&S requirements"). These include the International Finance Corporation ("IFC") Performance Standards ("PS") as well as other international standards including the ILO Core Labour Standards, the ILO Basic Terms and Conditions of Work, and the UN Guiding Principles on Business and Human Rights.
- Prior to any investment being approved, the potential investment will be screened to identify the potential for adverse environmental or social risks and/or impacts ("E&S impact"). The ESMS describes the process to be followed to identify, assess and prioritise the principal adverse impacts. Ultimately, this process will result in a risk classification for the proposed investment which indicates the potential for adverse E&S impact, the scale of E&S impact, and the extent to which those E&S impacts can be readily mitigated.
- All assets are required to be designed, built and operated in accordance with good international industry practices in order to do no significant harm to identified E&S receptors. All investments are subject to ongoing close monitoring to confirm that performance is in accordance with CFM E&S requirements.

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

- On behalf of CI3, CFM will consider the principal adverse impacts on sustainability factors of all investment decisions through a rigorous screening, due diligence and development process prior to investment of the financial product.
- Post investment, all investee companies will be required to report on sustainability performance during the construction and operating phases.
- The following indicators of principal adverse impact ("PAI") as contained in Tables 1 to 3 of Annex I of (EU) 2022/1288 (supplementing (EU) 2019/2088) will be considered in relation to investment decisions and management of the portfolio through voting, application of the list of excluded activities ("Exclusions List") and ongoing engagement with the investee companies:
  - **PAI 1 (Table 1) Greenhouse Gas (GHG) Emissions**: the potential for significant GHG emissions will be considered during the screening and due diligence of potential investments. GHG emissions will be calculated in accordance with the specified methodology throughout the construction and operational phases of the investment lifecycle and will be reported annually in the periodic disclosure report.
  - **PAI 2 (Table 1): Carbon Footprint**: the carbon footprint of CI3 will be calculated in accordance with an approved methodology throughout the construction and operational phases of the investment lifecycle and will be reported annually in the periodic disclosure report.
  - **PAI 3 (Table 1): GHG intensity of investee companies**: the GHG intensity of investee companies will be calculated using the specified methodology and reported annually in the periodic disclosure report.
  - **PAI 4 (Table 1): Exposure to companies active in the fossil fuel sector**: Although not specifically included in the CI3 Exclusions List, this exposure is assessed during the due diligence process through the Know your Customer (KYC) process.
  - **PAI 5 (Table 1): Share of non-renewable energy consumption and production**: The consumption and production of non-renewable energy will be considered pre-investment through voting and application of the investment mandate and through ongoing engagement. All investee companies are encouraged to reduce energy consumption during construction and operation.
  - **PAI 6 (Table 1): Energy consumption intensity per high impact climate sector**: This exposure will be considered pre-investment through voting and application of the investment mandate and through ongoing engagement. All investee companies are encouraged to reduce energy consumption during construction and operation.
  - **PAI 7 (Table 1): Activities negatively affecting biodiversity-sensitive areas**: This indicator wil be considered pre-investment through voting and application of the investment mandate and the CI3 Exclusions List which prohibits destruction of high conservation value areas. Post investment, and where location of an investment in a biodiversity sensitive area cannot be avoided, actions will be taken in accordance with the mitigation hierarchy described in IFC PS6 to avoid and otherwise mitigate potential adverse impacts.
  - **PAI 8 (Table 1): Emissions to water**: All investee companies will be required to report total emissions to water however in accordance with CFM requirements, none of them will use or emit priority substances as

defined in Article 2(30) of Directive 2000/60/EC and nor will they them make direct emissions of nitrates, phosphates and pesticides.

- **PAI 9 (Table 1): Hazardous waste generated**: This exposure will be considered pre-investment through voting and application of the investment mandate and through ongoing engagement. All investee companies will be encouraged to reduce generation of wastes including hazardous waste.
- **PAI 10 (Table 1): Violations of UN Global Compact (UNGC) principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises**: this exposure will be assessed during the screening and due diligence (including initial and ongoing KYC) process.
- **PAI 11 (Table 1): Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises**: All investee companies will be monitored to confirm compliance with the UNGC principles and the OECD Guidelines. This will be done as part of the ongoing monitoring and auditing.
- **PAI 12 (Table 1): Unadjusted gender pay gap**: All investee companies will be required to adopt policies for non-discrimination in all aspects of labour and working conditions including in relation to payment of wages. All investee companies will be required to report on adherence to these policies and on gender-disaggregated data regarding hours worked and wages paid.
- **PAI 13 (Table 1): Board gender diversity**: All investee companies will be required to implement and report on a gender action plan and will be encouraged to take action to promote gender equality throughout the organisation.
- **PAI 14 (Table 1): Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)**: this indicator will be considered through application of the CI3 Exclusions List.
- **PAI 4 (Table 2): Investments in companies without carbon emission reduction initiatives**: All CI3 investee companies will be required to manage and monitor the energy consumed during the construction and operating phases and to implement an energy efficiency management plan in order to reduce carbon emissions.
- **PAI 7 (Table 2): Exposure to areas of high water stress**: Investments of CI3 will involve the use of water as a necessary input. As part of the development phase, an assessment will be completed to confirm the sustainability of the water resource to ensure that sufficient water will be available for the project yet without causing adverse impact for other water users, and to identify and adopt water conservation measures in line with an overarching water management policy and programme.
- **PAI 14 (Table 2): Natural species and protected areas**: All CI3 investee companies will be required to assess the potential for adverse impacts on biodiversity (including threatened species) and to avoid or otherwise mitigate potential harm. All investee companies that are required to do so will implement a biodiversity protection policy.
- **PAI 1 (Table 3): Investments in companies without workplace accident prevention policies**: All investee companies are required to implement arrangements in line with legal obligations. In addition, they must adhere to the requirements detailed in IFC PS2 (Labour and Working Conditions).
- **PAI 3 (Table 3): Number of days lost to injuries, accidents, fatalities or illness**: All investee companies will be required to report accident data on a routine basis including number of fatalities and number of days lost to

injuries, accidents and illnesses. Fatalities will be reported separately and will not be included in the data reported regarding number of days lost.

- **PAI 5 (Table 3): Lack of grievances/complaints handling mechanism related to employee matters**: All investee companies will be required to implement a worker grievance mechanism.
- **PAI 7 (Table 3): Incidents of discrimination**: All investee companies will be required to report incidents of discrimination.
- **PAI 13 (Table 3): Share of the investments in investee companies exposed to operations and suppliers at significant risk of incidents of forced or compulsory labour in terms in terms of geographic areas and/or the type of operation**: considered via engagement, proxy voting and exclusions. Investments of CI3 in investee companies that will use solar energy generation will be exposed to forced labour risks in the polysilicon supply chain. All investee companies will be required to conduct due diligence on this issue and to implement arrangements for ongoing monitoring and reporting of potential risks.

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

- All investments of the financial product are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights, as described in CFM's ESMS manual and RIC.
- In addition, CFM requires all investments to be aligned with the IFC PS on environmental and social sustainability, the World Bank Group Environmental, Health and Safety Guidelines and the UN Guiding Principles on Business and Human Rights. All investments must also comply with all relevant national and local legal requirements, regulations, and industry specific codes of practice relating to sustainability governance and management.

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

✖ Yes

- The PAIs will be considered throughout the investment process and a summary will be presented to the CFM CI3 investment committee for development funding and equity approval. Pre-investment the proposed investment is screened to confirm mandate-fit, and this includes application of the CI3 exclusions list. During due diligence and development the investment will be assessed in terms of the potential for adverse impacts in order to inform investment decision-making and to identify the necessary management and mitigation measures.
- Pre-investment, PAIs 4, 7, 10 and 14 (Table 1), and PAI 14.1 (Table 2) – as listed above - will be considered through voting, engagement, and application of the CI3 investment mandate and restrictions including the Exclusions List. These PAIs are also considered post-investment.

- Post-equity investment, CFM applies the requirements of its Investment and Asset Management Policy to formalise arrangements for ongoing shareholder engagement and to embed the requisite risk management and governance processes in the investee company so that the PAIs listed above are appropriately managed and mitigated. Any concerns relating to principal adverse impacts during the construction and operating phases (including in situations where there is no improvement in performance) are managed through the CI3 shareholder engagement and governance arrangements.
- A statement of performance against the PAIs will be disclosed annually to investors in accordance with the legal requirements.

☐ No

What investment strategy does this financial product follow?

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

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

- The financial product will be invested exclusively for the purpose of funding the development, construction and operation of hydrogen manufacturing facilities, predominantly in Africa.
- At all times, CFM as the AIFMD Manager of CI3, is obliged to observe the Investment Strategy and Restrictions as set out in Annex III of the Members Agreement which exists between CFM, CI3, and the members (namely the donors and investors).
- In accordance with the Investment Strategy and Restrictions, all investments must be conducted in compliance with the financial product's RIC which sets out the principles and undertakings for managing sustainability risks and delivering positive impacts in relation to all investments.
- CI3 will not intentionally invest in any activity that is involved in activities included in the Exclusions List.

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

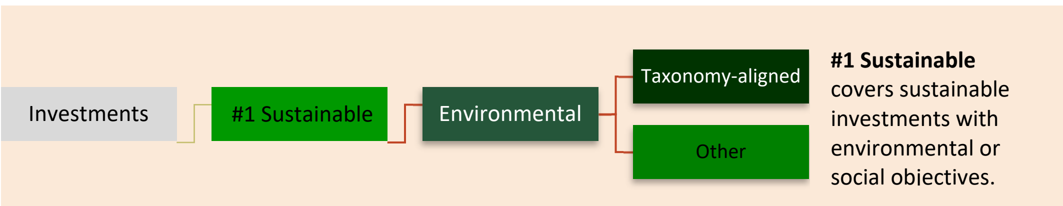
Good governance practices include sound management structures, employee relations, remuneration of staff ad tax compliance.

- CFM is an active asset manager, which means that it will take an active role in the delivery of the investment strategy upon which the investment decision of the financial product is based.
- As the investee companies are primarily newly formed organisations established to undertake the development, construction and operation of the project, CFM will take an active role in embedding the processes, risk management controls and resources into the investee companies to ensure good governance and risk management practices.
- For each investment of the financial product, CFM will implement an effective risk management and governance 'scheme of arrangement' which is documented in the form of an Asset Management Plan ("AMP"). This AMP guides the asset management activities of CFM as a shareholder in the investee company and establishes the minimum governance requirements to be adopted by the investee companies. The AMP covers aspects including but not limited to: deal structure; shareholder rights; board of directors; policies; reserved roles; financial models; financials; valuations; company secretarial duties; resourcing; key risk register and risk control framework.

- In accordance with the AMP, the investee companies must establish and implement governance policies that are aligned with CFM's requirements. Policies to be implemented must include as a minimum: Expenses Policy; Authorisations Policy; Code of Conduct Policy; Procurement Policy; Health, Safety, Social and Environmental (HSSE) Policy; Anti-Corruption and Money Laundering Policy; Marketing and Publications Policy and Insurance Requirements.
- CFM has established a human resources policy and a remuneration policy to promote good business practice and sound and effective risk management (including systemic integrity and sustainability risk management) with respect to employees. The remuneration policy complies with the requirements and principles set out in, Schedule 2 to the European Union (Alternative Investment Fund Managers) Regulations 2013, as amended (S.I. No. 257 of 2013) (the "AIFMD Regulations") and ESMA's guidelines on sound remuneration policies under the AIFMD, ESMA/2016/411 (the "Remuneration Guidelines").
- The remuneration policy is consistent with, and seeks to promote, sound and effective risk management (including environmental, social and governance (ESG) sustainability risk management and systemic integrity risk management) and not to encourage risk-taking which is inconsistent with CFM's risk profile or the risk profiles of the Funds that CFM manages. The policy includes measures to mitigate conflicts of interest and is aligned with CFM's business strategy, objectives, values and long-term interests. CFM's Supervisory Board ("CFM SB") is responsible for setting the policy and reviews it annually. The Remuneration and Nomination Committee ("CFM RemCo"), as a subcommittee of the CFM SB, is responsible for overseeing the implementation of the remuneration policy in accordance with its principles, the adopted processes and its compliance with laws and regulations. Both the CFM SB and the CFM RemCo are composed entirely of non-executive directors and its members do not receive any remuneration from CFM.
- CFM is committed to socially responsible behaviour as regards any tax matters, as a Dutch tax payer and with respect to the CI3 investments. In accordance with its Managing the Business Policy and the Transfer Pricing Policy, CFM demands that all structures in which CI3 invests must be transparent on how they deal with tax matters and adhere to the letter as well as the spirit of the law, including tax laws. CFM adheres to, and demands its investee companies to adhere to the principles under the OECD's Action Plan on Base Erosion and Profit Shifting; the OECD Guidelines for Multinational Enterprises; and the principles as laid down in the EU's Anti-Tax Avoidance Directive.

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

Asset allocation describes the share of investments in specific assets.



- 100% of investments of the financial product will be required to meet the sustainable investment objective in accordance with the Fund's Investment Mandate and Restrictions. All proposed investments will be subject to rigorous screening and due diligence to ensure they directly contribute to climate

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

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

change mitigation through avoidance and reduction of greenhouse gas emissions and to the attainment of UN Sustainable Development Goal (UN SDG) 7 (Affordable and Clean Energy).

- In addition all investments will be designed to support SDG 5 (Gender Equality); SDG 8 (Decent Work and Economic Growth); SDG 9 (Industry, Innovation and Infrastructure); SDG 13 (Climate Action); SDG 15 (Life on Land), and SDG 17 (Partnerships for the Goals). In so doing, all investments will be assessed, developed, built and operated in order to do no significant harm to environmental and social factors.

How does the use of derivatives attain the sustainable investment objective?

- CI3 may use derivatives to protect the interest of investors against any adverse impact of currency fluctations. This will enable the financial product to be recycled and reinvested in future projects and also attract investors to enter into challenging markets.

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

- All investments of CI3 will contribute substantially to an environmental objective aligned with the EU Taxonomy per Article 3a of Directive (EU) 852/2020. However, currently it is not possible for the investments to achieve alignment with the substantial contribution criteria defined by the EU Taxonomy for economic activities with the NACE code C20.11.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

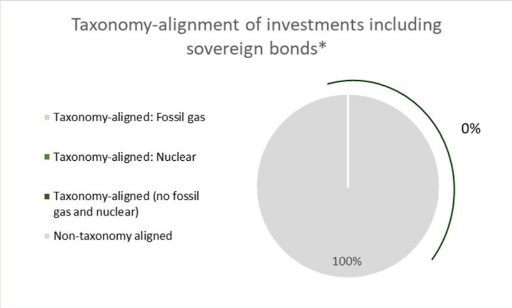
The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial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

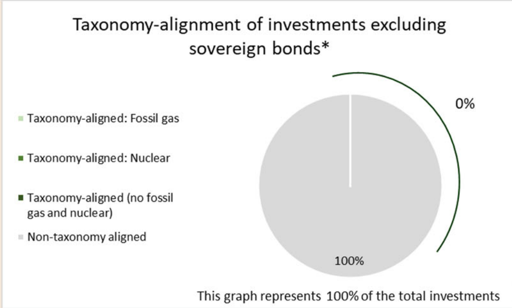
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

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

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





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

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

- The minimum share of investments in transitional and enabling activities as defined by Regulation (EU) 2020/852 is set at 0%.

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

- The minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy is 100%

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

- 0.00%. Although all investments deliver socially sustainable impacts, the objective of the financial product is to contribute substantially to an environmental objective (climate change mitigation).

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

- 100% of investments will have a sustainable objective.

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

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

- An index has not been designated as a reference benchmark for the financial product. However, work is planned for 2024 to assess against the MSCI ESG Indexes which will allow for index-linked reporting in future. All investments of the financial product will be conducted in accordance with good international industry practices including the IFC Performance Standards which is a widely used and referenced benchmark.

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

- A reference benchmark has not been used.

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

- A reference benchmark has not been used.

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

- A reference benchmark has not been used.

Where can the methodology used for the calculation of the designated index be found?

- A reference benchmark has not been used.

Where can I find more product specific information online?

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

https://climatefundmanagers.com/funds/