

## **BEAM Fund – REGULATION (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”)**

The BEAM Fund aims to make sustainable investments that contribute to accelerate access to clean energy for off-grid communities in developing countries.

The BEAM Fund will seek to achieve its investment objectives by investing in solar off-grid solutions while following a binding approach consisting of selecting companies that have the potential to generate positive impact at scale, while mitigating the risks of negative impacts through ESG integration, exclusions and engagement with investees.

In pursuing its sustainable objective, the BEAM Fund also places a priority on the effective management of potential Sustainability Risks associated with its investments to do no significantly harm to any area of environmental or social concern. The Fund seeks to integrate Sustainability Risk considerations all along the investment process. Towards that end, the BEAM Fund has implemented and maintains a specific investment process making a sustainability risk and impact assessment of each potential investment.

### **Impact & ESG risk management process**

Management of both positive and negative impacts of investments is at the core of the BEAM Fund. The BEAM Fund has designed an impact and ESG Management System specifying its policy on the assessment and management of ESG risks, ESG requirements and a comprehensive exclusion list of harmful sectors and activities the fund is prohibited from investing in (the “Impact and ESG Management System”).

A detailed investment strategy to support the BEAM Fund’s sustainable investment objective is set forth in Investment Policy and Guidelines to ensure that the BEAM Fund contributes to its impact objective of accelerating access to energy for off-grid communities.

In order to achieve its impact objective, the BEAM Fund’s impact management process is deployed at every stage of the investment strategy.

**Pre-Investment:** Prior to investing in a company, the BEAM Fund checks that the potential investment is aligned with its impact thesis to accelerate access to energy for off-grid communities in developing countries. Following the screening phase, a thorough due diligence is performed on selected companies to analyse the expected impact of the company as well as potential risks. The Risk Committee analyses the risks of negative impacts. The analysis on the potential development impact of the investment is included in the investment memorandum submitted to the Investment Committee and forms part of the investment decision.

**Investment:** Upon approval of the investment, the BEAM Fund defines with the investee company the selected impact indicators to be monitored and reported on a regular basis. The BEAM Fund includes some conditions related to social and environmental matters in the investment agreement.

**Post-investment:** During the post-investment period, the BEAM Fund monitors the impact data reported by its investees on a bi-annual basis, as well as progress made on ESG risk management through investee’s annual ESG reports. The BEAM Fund requests investees to report any serious incident related to ESG matters. As an equity investor, the Fund usually sits on the board of investees to oversee and enhance the impact strategy and analysis of social performance as well as contribute to financial matters.

Whilst the BEAM Fund does not exclude investees that do not yet have a full environmental and social managements system, it actively engages its investees to ensure that they have acceptable standards in place and are well positioned to improve their practices over time.



The social and environmental performance of our investments is periodically evaluated. Some of the key indicators used by the BEAM Fund to measure the attainment of its impact objective include:

- Number of new connections
- Number of direct beneficiaries with new access/improved access to energy
- Installed capacity
- Amount of electricity generated
- Number of active connections
- CO2 Emissions saved
- Number of people employed
- Number of women employed
- Number of direct jobs created
- Number of direct female jobs created
- Number of indirect jobs created
- Number of enterprises supported

### **Integration of sustainability risks into the investment decisions of the BEAM Fund**

The BEAM Fund integrates Sustainability Risks into decision-making and investee engagement throughout the investment process. The BEAM Fund has defined an exclusion list of harmful sectors and activities in the Investment Policy and Guidelines that the BEAM Fund is prohibited from investing in. The BEAM Fund's investment evaluation of investees includes an environmental, social and governance (ESG) questionnaire assessing potential ESG risks.

Throughout its portfolio of investments, the BEAM Fund collects, analyzes and consolidates the impact metrics of portfolio companies. The BEAM Fund has designed a list of impact indicators to be monitored and reported on for each investee, aligned with the Fund's impact thesis. Investees also provide annual updates related to their environmental and social management system, improvements achieved in ESG and further actions to be undertaken. The BEAM Fund reports back to its investors on progress through a bi-annual impact reporting and an annual ESG report, and informs them of any development that can affect the impact of portfolio investments.

Engagement with investees, including on ESG matters, is an integral component of the BEAM Fund's investment cycle and contribution to positive development impact.

### **Assessment of the likely impacts of sustainability risks**

The BEAM Fund is exposed to sustainability risks in the form of ESG events and conditions that can have negative impacts on the assets, financial and/or earnings situation, or the reputation of the BEAM Fund. The BEAM Fund is exposed to the sustainability risks that its investees are exposed to through their operations and clients. This risk is amplified by the often weaker environmental and social laws and enforcement thereof in the developing countries in which the BEAM Fund operates.

The BEAM Fund's portfolio is focused on solar off-grid energy access in developing countries. Given the BEAM Fund's portfolio composition, investees targeted by the BEAM Fund may trigger the risk of negative impact on the environment and society in the form of electronic waste, release of hazardous substances and materials, water pollution, threats to local biodiversity, child labor, forced labor or exploitative working conditions, hazards to health and safety, lacks in client information and/or protection, location in areas subject to extreme weather events, social and/or environmental risks in the supply chain, corruption, money laundering and/or link to armed groups. If not adequately managed, these impacts may negatively affect the investees' reputation, regulatory compliance and financial viability. Given the BEAM Fund's strategic impact focus, such impacts can in turn negatively affect the BEAM Fund's risk profile, reputation and/or its financial and/or earnings situation.

However, these sustainability risks are mitigated by the BEAM Fund's investment strategy to generate positive impact by focusing on solutions to improve access to clean energy, as well as by the Fund's exclusion list, ESG risk assessment and monitoring. The Fund applies an exclusion list prohibiting activities

that involve significant negative impact on the environment or society. The BEAM Fund conducts an ESG risk assessment of investees and monitors progress through an annual ESG reporting. Mandatory incident reporting further facilitates the BEAM Fund's ESG risk management. In addition, the BEAM Fund is requiring its investees to comply with a set of ESG requirements and, where necessary, engages with investees to ensure improvement of their ESG performance. Finally, the BEAM Fund's engagement with investees, including on ESG matters, is an integral component of the BEAM Fund's investment cycle and contribution to positive development impact.

**Assessment of inherent ESG risks:**

**Assessment of residual ESG Risks (after mitigation controls):**

