
Transparency Statement
under Article 10 of the Sustainable Finance Disclosure Regulation (EU)
2019/2088 (“SFDR”)

in respect of

Southeast Asia Clean Energy Fund II, LP (the “Fund”)

The following statement is made in accordance with the requirements under Article 10 of SFDR and Section 1 of Chapter IV of Commission Delegated Regulation (EU) 2022/1288 supplementing SFDR with regard to regulatory technical standards (the “RTS”). This document is prepared to meet the regulatory requirements only and should not be considered an offer or solicitation to invest in the Fund.

SUMMARY

The Fund promotes environmental and social characteristics and is assessed to qualify as an Art. 8 product in the classification of SFDR. The fund does not have sustainable investment as its objective.

The Fund seeks to promote (i) the environmental characteristic of climate impact reduction by investing its assets in projects and companies which seek to advance renewable energy, energy efficiency, electric mobility and electrical grid infrastructure and supply side management; and/or (ii) the social characteristic of sustainable business practices by investing its assets in projects and companies actively supporting women's employment and their advancement into senior management roles and sound employment practices (together the “**Characteristics**”).

The Manager measures the extent to which the Fund’s investments promote the Characteristics against the following indicators:

1. In relation to climate change reduction:

(i) Renewable energy generation:

- as measured by the volume of energy generated by reference to megawatt-hours of electricity generated from renewable sources;

(ii) Energy efficiency, electric mobility, and energy storage infrastructure:

- as measured by the carbon dioxide generation avoided making use of the Intergovernmental Panel on Climate Change (“**IPCC**”) methodologies*; and/or

(iii) Electrical grid infrastructure:

- as measured by the capacity installed by reference to megawatts.

*Where IPCC standards and methodologies cannot be used the Manager will work with an external environmental consultant to create a methodology that can be used to measure the attainment of the Characteristic.

2. In relation to sustainable business practices:

- programmes for the training and/or promotion in employment of women;

- the presence of policies and procedures supporting good employee relations, including: insurance, maternity/maternity leave, retirement, health and safety, whistleblowing and collective bargaining; and/or
- better than average compliance with health and safety practices.

The investments undertaken are subject to the exclusion criteria. The Manager assesses the good governance of investee companies through a multi-layered approach, including conducting a KYC check, engaging in a qualitative review of the management team, and obtaining third-party legal and E&S due diligence. The Manager believes this approach ensures that issuers in the Fund achieve good governance standards. The Fund has a minimum proportion of 0% sustainable investments aligned with the EU Taxonomy. The Fund does not consider principal adverse impacts (PAI) of investment decisions on sustainability factors.

The Manager uses the following data sources and/or research to determine whether an investment promotes the Characteristics:

- The investee companies generally provide underlying data sources for capacity and renewable energy generated (or avoidance of CO₂ from fossil-fueled energy generation).
- For non-renewable energy investments (energy efficiency, energy storage, electric mobility), the Manager collects input information from the investee companies on an annual basis (e.g., number of installations), allowing for the calculation of CO₂ avoided.
- In calculating CO₂-equivalent (avoided), the Manager utilizes IPCC standards. An external consultant reviews the emission factor and resultant CO₂-equivalent calculations.
- In evaluating the social characteristic of sustainable business practices, data provided by the investee companies in their monthly (E&S) Progress Reports and their annual E&S Monitoring Reports.

The Manager's determination as to whether an investment promotes the Characteristics is reliant on data which the investees provide on a monthly and annual basis and this may be subjective, incomplete, or incorrect.

To mitigate against this risk, the Manager looks to verify information provided through a multi-step review process and by engaging external consultants and carrying out site visits.

In evaluating investments for the Fund, the Manager carries out E&S due diligence. The Manager's Environmental and Social Management System integrates E&S due diligence procedures into the investment process. This includes an Opportunity Screening stage, an initial due diligence stage, and a determination of the scope of E&S due diligence. The CIO and COO verify that the transaction documentation meets E&S requirements. The Manager also undertakes monthly CO₂ savings and renewable energy generation reporting, as well as annual E&S reporting for each investment. Impact reporting is also undertaken for each investee at exit.

Engagement with investee companies is continuous, facilitated through a network of offices, regular reporting requirements, and networking and platform-building efforts that contribute to knowledge sharing and scaling up of good practices. The Manager provides tailored technical assistance to investee companies to develop climate-impact financial products, train staff on green finance practices, enhance capacity to assess and manage environmental impacts, and offer assistance for impact investments.

The Manager does not utilise a reference benchmark to determine whether the Fund is aligned with the Characteristics that it promotes.

NO SUSTAINABLE INVESTMENT OBJECTIVE

This Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

It is not currently expected that the Fund will make any 'sustainable investments' within the meaning of Article 2(17) of SFDR or environmentally sustainable investments within the meaning of Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**Taxonomy Regulation**").

ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FUND

The Fund seeks to promote the environmental characteristic of climate impact reduction, by investing its assets in projects and companies which seek to advance renewable energy, energy efficiency, electric mobility and electrical grid infrastructure and supply side management, and/or the social characteristic of sustainable business practices by investing its assets in projects and companies actively supporting women's employment and their advancement into senior management roles and sound employment practices (the "**Characteristics**"). No reference benchmark has been designated for the purpose of attaining the Characteristics promoted by the Fund.

Clime Capital Management Pte. Ltd. (the "**Manager**") will assess the extent to which an investment promotes the Characteristics by reference to certain specified sustainability indicators, which are described in more detail under "Methodologies" below.

INVESTMENT STRATEGY

The Fund seeks to promote the Characteristics by identifying investments which meet the investment objective, strategy and restrictions set out in the Private Placement Memorandum ("**PPM**") relating to the Fund including seeking through equity and debt investments to provide early-stage catalytic and scale-up capital to companies located in the member states of the Association of Southeast Asian Nations (excluding Myanmar and Brunei Darussalam) to enable the low carbon transition by supporting the growth of early-stage ventures (including scalable businesses and stand-alone projects) supporting the deployment of globally-proven technologies and innovative business models that have the potential to generate significant climate mitigation impact. The Fund will be primarily focused on companies that are primarily located in Indonesia, the Philippines and Vietnam as determined by Southeast Asia Clean Energy Fund II GP, Pte. Ltd. (the "**General Partner**") taking into account such factors as the company's country of incorporation, headquarters location, location of employees, source of revenue, source of profit, location of tangible assets and the country or countries in which the General Partner reasonably expects future growth of the company to occur. The Fund will seek to promote the environmental characteristic of climate impact reduction through CO2 emissions reductions and primary energy savings, and will also focus on mobilizing private sector investment as an outcome.

In addition to the Fund's core focus on climate impact mitigation, the Fund may also promote the social characteristic of sustainable business practices.

The Fund will also comply with the E&S Investment Code) set out in Schedule 2 to the limited partnership agreement of the Fund (the “**Partnership Agreement**”).

To attain the Characteristics being promoted by the Fund, the following binding elements are used to select investments:

- i. Each investment will be in pursuit of the Characteristics being promoted by the Fund;
- ii. Each investment will be in a project or company located in in the member states of the Association of Southeast Asian Nations (excluding Myanmar and Brunei Darussalam), with a focus on Vietnam, the Philippines or Indonesia;
- iii. Each investment will constitute early-stage capital for project or company development, in the form of equity, convertible loans and/or similar instruments; and,
- iv. Each investment must present a significant level of Additionality, with regard to financial precedent, regulatory precedent and technical precedent.

For these purposes “Additionality” means, among other relevant factors, the role that the Fund plays in providing catalytic capital and development support to projects and companies that would not advance without the Partnership’s investment (or other such catalytic support), taking into account various information further set out in the PPM and the Partnership Agreement.

The Fund will not make investments that are contrary to its exclusion lists, which can be found in Exhibits C and D of Schedule 2 (*E&S Investment Code*) to the Partnership Agreement. These exclusion lists include limitations on investments in, or that may lead to, exploitive labour practices, vice industries, prisons, weapons, certain socially harmful media, political or religious activities, violation of human rights, illegal activities and activities subject to embargo, destruction of cultural heritage or natural habitats, deforestation, animal testing, cloning, genetically modified organisms, transport and disposal of waste, nuclear materials and operation of landfills and exploration, extraction, production or transport of fossil fuels. Further detail, including the limitations and exceptions applicable, is set out in the Partnership Agreement.

These exclusions also apply to financing (i) an allowed activity that exclusively serves the extraction or production of fossil fuels; (ii) companies or projects that exclusively provide services (including advisory), equipment, or other outputs to excluded fossil fuel activities; and (iii) companies or projects that exclusively produce goods for and/or provide goods to excluded fossil fuel activities.

Good governance assessment

In implementing the above strategy through its investment decision making process, the Manager also assesses the good governance of investee companies.

The Manager assesses good governance of investee companies through a multi-layered approach, including: (a) conducting an upfront know-your-customer (“**KYC**”) check on the management team, shareholders (including ultimate beneficial owners), and advisors; (b) engaging in a qualitative review of the management team’s reputation, character, and capability made possible by the Manager’s on-

the-ground presence in each market where investments are made; and (c) obtaining third-party legal and environment and social (“E&S”) due diligence covering criteria such as information on the investee company’s internal processes, compliance with rule of law, including anti-corruption and sanctions-related policies and practices, and social and environmental impact to further assess the quality of governance practices by a prospective investee company.

The Manager believes that its approach of coupling external ratings with screening ensures that issuers in the Fund achieve a basic set of good governance standards.

PROPORTION OF INVESTMENTS

The Fund intends to invest a minimum of 96% of its net asset value in investments that promote the Characteristics. The remaining 4% of the Fund’s net asset value will comprise cash or cash equivalent assets and there are no minimum safeguards in respect of such assets. The Fund does not make sustainable investments.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. It is expected that Zero (0%) of the Fund’s net asset value will comprise environmentally sustainable assets within the meaning of Article 3 of the Taxonomy Regulation.

The Fund does not make use of derivatives to attain the Characteristics promoted by the Fund.

MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The sustainability indicators are monitored through the utilization of an Environment and Social Management System (“ESMS”). The ESMS aggregates input parameters from the investee companies including monthly CO2 savings and renewable energy generation reporting and annual E&S reporting. Each of these reporting exercises involves Manager verification and external E&S monitoring is also undertaken. An E&S Monitoring Report will also be prepared on an annual basis containing detailed information on each Portfolio Company.

As part of the ESMS, the Manager utilizes a combination of internal human and digital controls for data aggregation, review / verification, monitoring, as well as escalation of actual CO2 mitigation shortfalls by investment against baseline projections.

For exit, the Manager undertakes impact reporting for each investee company so that the impact of investments is verified and tracked.

Controls and escalation processes are used for measurement and verification of E&S characteristics utilizing internal staff with escalation process including up to the Manager’s board of directors.

METHODOLOGIES

The Manager measures the extent to which the Fund’s investments promote the Characteristics against the following indicators:

1. In relation to climate impact reduction:

(i) Renewable energy generation:

- as measured by the volume of energy generated by reference to megawatt-hours of electricity generated from renewable sources;

(ii) Energy efficiency, electric mobility and energy storage infrastructure:

- as measured by the carbon dioxide generation avoided making use of the Intergovernmental Panel on Climate Change (“IPCC”) methodologies*; and

(iii) Electrical grid infrastructure:

- as measured by the capacity installed by reference to megawatts.

*Note, in the event that IPCC standards and methodologies are not available, the Manager will work with an external environmental consultant to create a methodology that can be used to measure the attainment of the Characteristic.

2. In relation to sustainable business practices:

Supporting of women's employment and their advancement into senior management roles and sound employment practices, as measured by:

- programmes for the training and/or promotion in employment of women;
- the presence of policies and procedures supporting good employee relations, including: insurance, maternity/maternity leave, retirement, health and safety, whistleblowing and collective bargaining; and/or
- better than average compliance with health and safety practices.

In evaluating the attainment of promotion of the Characteristics, the Manager makes use of its ESMS which collects and aggregates reported data from underlying investee companies.

Where an investment achieves any one indicator, the investment will be deemed to have achieved the relevant Characteristics of climate impact reduction or sustainable business practices, as applicable.

DATA SOURCES AND PROCESSING

The Manager uses the following data sources and/or research to determine whether an investment promotes the Characteristics:

- Underlying data sources are generally provided by the investee companies for capacity and renewable energy generated (or avoidance of CO₂ from fossil-fueled energy generation).
- For non-renewable energy investments (energy efficiency, energy storage, electric mobility) the Manager collects input information from the investee companies on an annual basis (e.g. number of installations) allowing for the calculation of CO₂ avoided.

- In calculating CO₂-equivalent (avoided) the Manager utilizes IPCC standards. An external consultant is employed to review the emission factor and resultant CO₂-equivalent calculations.
- In evaluating the social characteristic of sustainable business practices, data provided by the investee companies in their monthly (E&S) Progress Reports and their annual E&S Monitoring Reports.

Characteristic	Sustainability indicator	Data source
Climate impact reduction	Renewable energy generation (MWh)	<ul style="list-style-type: none"> ▪ Internal calculation based on investee reporting, including exit reporting on energy generated (and forecasts).
	Capacity installed (MW)	<ul style="list-style-type: none"> ▪ Internal calculation based on investee reporting requirements, including exit reporting to re-view capacity installed.
	CO ₂ -equivalent (avoided)	<ul style="list-style-type: none"> ▪ IPCC standards. ▪ Calculated internally with the review of emission factor calculations by a third-party consultant.
Sustainable business practices	Actively supporting women's employment and their advancement into senior management roles	<ul style="list-style-type: none"> ▪ Total (i) direct, (ii) third-party, (iii) permanent full-time, (iv) permanent part-time, and (v) temporary female employment on operations and maintenance. ▪ Percentage of female ownership for organisations having institutional/business investors. ▪ Business founded by female(s) for organisations founded by an organisation/institutional/business. ▪ Initiatives in place to specifically advance women in the workforce beyond compliance/legal minimum. ▪ E&S Monitoring Report, setting out conformity and compliance with the E&S Requirements. ▪ Monthly (E&S) Progress Report.
	Sound employment practices	<ul style="list-style-type: none"> ▪ E&S Monitoring Report, setting out conformity and compliance with the E&S Requirements.

Characteristic	Sustainability indicator	Data source
		<ul style="list-style-type: none"> ▪ Monthly (E&S) Progress Report.

The Manager utilizes the ESMS to aggregate and store information from investee companies used to attain the environmental characteristic of the product. A multi-step review and approval process is used to collect data and incorporates the following steps:

- 1) Review of information reported by investee companies by the country manager;
- 2) Review of monthly and aggregate environmental characteristics by the Chief Investment Officer; and
- 3) Review of aggregate reporting parameters by the Chief Operating Officer and Chief Executive Officer.

In the event an investment requires a new methodology and IPCC emission factor, these parameters are reviewed and agreed with the external consultant.

In light of (Renewable energy generation (MWh), Capacity installed (MW), CO₂-equivalent (avoided)), the Manager finds it necessary to make use of estimated data from time to time. Such estimated data is not expected to exceed 30% of data relied on in evaluating the attainment of the Characteristic.

LIMITATIONS TO METHODOLOGIES AND DATA

The Manager's determination as to whether an investment promotes the Characteristics is reliant on data which the investees provide on a monthly and annual basis. This provides the greatest challenge in collating and processing data as the data provided may be subjective, incomplete or incorrect.

To mitigate against this risk, the Manager makes use of its ESMS which collects and aggregates reported data from underlying investee companies. It seeks to verify information provided through a multi-step review process and by engaging external consultants and carrying out site visits. To further assist in the management of data quality, investees are provided with consistent requests for information and directions in relation to the reporting. The Manager believes that its data collection process, engagement and multi-step review process is sufficient to ensure that the data limitations should not affect the Manager's assessment of whether the Fund has attained the Characteristics.

DUE DILIGENCE

In evaluating investments for the Fund, the Manager carries out due diligence as follows:

Stage 1: Opportunity Screening: Conducting a preliminary screening of potential investments against the Exclusion List (see above under "Investment Strategy"). If the potential investment opportunity does not engage in any activities highlighted in the Manager's Exclusion List, it may be considered and continue to the next stage. The potential investment is also subject to an assessment based on the Fund's three investment gating criteria: commercial viability; climate impact; and Additionality (see further information in "Investment Strategy" above). The screening also conducts initial investigations

into potential environmental, health and safety and social risk factors, gender and pro-poor impacts and “Know Your Client” business integrity checks.

Stage 2: Initial Due Diligence, Categorisation, and Leverage: Conducting a preliminary E&S assessment of the investment opportunity through which the Manager seeks to gain an internal high-level view of the opportunity and determine the E&S risk category. The review focuses on:

- a. Identification of material or potentially material E&S risks and or reputational risks associated with the potential investee company (e.g., major human rights abuses, community issues, social unrest, large environmental spills or incidents, fatalities, etc.);
- b. Review of the initial E&S risk profile of the investment opportunity; and
- c. Determination of the E&S risk categories and resulted leverage of the investment.

Stage 3: E&S Due Diligence and Transaction Documentation: Depending on the determination of the E&S risk categories and leverage of the investment, the scope of the environmental and social due diligence is defined. The E&S Manager of the Fund or an external consultant prepares an E&S due diligence report tailored to the context, nature, and location(s) of the investment opportunity using information collected from documents provided by the prospective investee and usually an on-site visit checklist. The report will:

- a. identify significant or material E&S risks and impacts associated with the investment opportunity; and
- b. identify potential areas for improvement and/or corrective actions to mitigate the identified E&S risks and impacts.

A final review of the E&S risk profile of the investment opportunity by the CEO will take place prior to final investment approval.

A final E&S action plan and potentially the E&S due diligence report will be incorporated into the transaction documentation (including corrective actions, where appropriate).

Stage 4: Investment Execution: Subject to the Chief Investment Officer, Chief Operations Officer and Chief Executive Officer verifying that the transaction documentation with the investee company meets the company’s E&S requirements and ensuring that any E&S related conditions precedents are met before the first disbursement, the Board of Directors endorses the transaction documentation to demonstrate their support of the proposed investment prior to execution.

Stage 5: Portfolio Management: The Manager will:

- a. continue to monitor the implementation of any remaining E&S corrective actions and E&S commitments stipulated in the transaction documentation;
- b. conduct periodic E&S monitoring and reporting of the investee’s E&S performance and ensure alignment with the Manager’s ESMS;
- c. review, manage, and maintain E&S records of investees in line with the Manager’s ESMS; and

- d. report, review, and escalate material E&S adverse events/impacts to the Chief Investment Officer, Chief Operations Officer, and Chief Executive Officer when a material or noteworthy E&S issue is reported by an investee or becomes known by the Manager.

Stage 6: Divestment: the Manager will incorporate relevant E&S information associated with investee companies in divestment documentation.

ENGAGEMENT POLICIES

Engagement is an integral and continuous part of the Fund's investment process and central to managing the Fund's achievement of its impact objectives. The Manager on behalf of the Fund considers itself as a long-term partner to its Investee companies in line with its target to sustainably strengthen the green climate impact finance capacities in the local investment environments of its target regions. This engagement includes the provision of tailored technical assistance to develop climate impact financial products, train investee company staff on green finance practices/requirements, enhance an investee company's capacity to assess and manage environmental impacts, and offer assistance to end-clients for impact investments, among others.

Engagement with investee companies takes place on a continuous basis, facilitated through a network of offices in the Fund's target regions, through regular reporting requirements, and through the networking and platform-building efforts of the Fund, which contribute to knowledge sharing and scaling up of good practices among and across the investee companies.

DESIGNATED REFERENCE BENCHMARK

The Manager does not utilise a reference benchmark to determine whether the Fund is aligned with the Characteristics that it promotes.

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