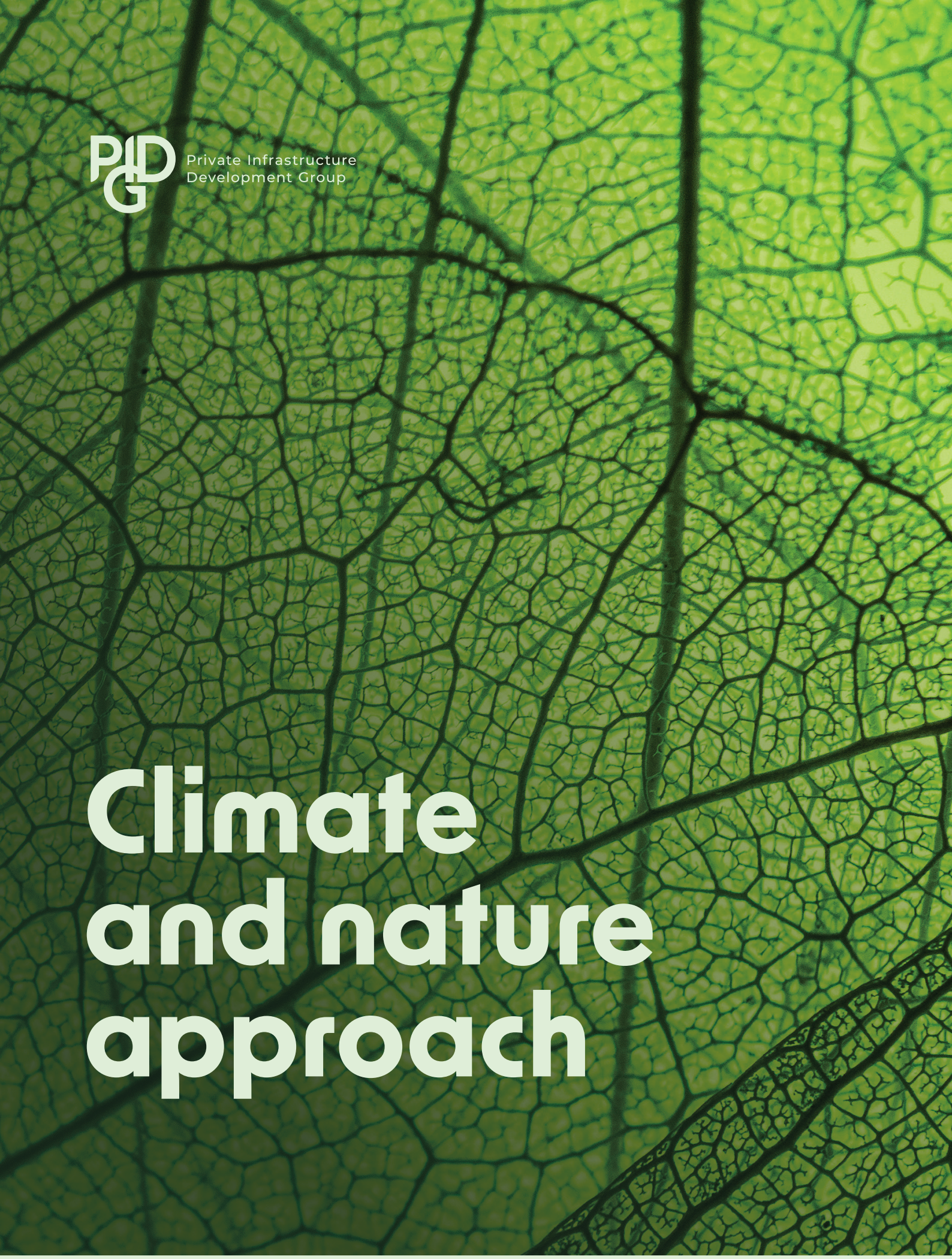


Climate and nature approach

Our **climate and nature** approach

In 2024, we developed the PIDG Climate and Nature Approach, building on our 2030 strategy and informed by our assessment of climate- and nature-related risks and opportunities. This approach outlines how we will deliver on our existing commitments while strengthening key areas to scale our impact – accelerating a just transition in the markets where we operate, investing in climate resilience, and preserving and restoring the natural environment.

We invest in countries with the most severe lack of access to basic infrastructure like energy, transport, telecommunications, and water, where people have the highest vulnerabilities to climate shocks and changes and have the fewest tools to adapt. These are also the countries that historically contributed the least to the climate crisis, with the youngest and fastest growing populations, and with some of the richest biodiversity and most important carbon sinks in the world that are fast being depleted. In this context, climate resilient development is an enormous opportunity, and new and improved access to infrastructure can drive action on climate and nature, while accelerating sustainable development.

Our commitment is that the infrastructure that we develop, and finance, will enable:

- Rising living standards and inclusive job creation (direct and mostly indirect), unlocking opportunities for young and fast-growing populations, and helping to shape inclusive, climate-resilient economies that reduce poverty.
- Sustainable development pathways that are compatible with climate and nature imperatives, improving resilience to climate shocks for some of the most vulnerable populations, while protecting and restoring nature.

A three-pillared approach

Our Climate and Nature Approach is structured around three pillars, each with a distinct focus and set of aims. Pillar 1 applies to all PIDG investments; Pillar 2 encompasses a growing subset of the portfolio, focused on investments that deliver measurable positive impacts for climate and nature; and Pillar 3 is a specialised subset of Pillar 2, dedicated exclusively to nature-focused investments.

1 **Apply a deliberate climate and nature lens to PIDG's traditional infrastructure business.**

2 **Prioritise allocation of capital for climate mitigation / adaptation and resilience / nature positive outcomes.**

3 **Investing in nature as an infrastructure asset class in its own right.**

Strategic objectives

In support of these commitments, our Climate and Nature Approach outlines four key objectives that guide its implementation, ensuring that climate and nature action remains central to our business.

These objectives are:

1. **Scale our contribution and mobilise private capital as climate and nature finance:** We are targeting 50-70 per cent of new commitments over the business plan period to be classified as climate finance and we aim to showcase 2-3 high-quality examples of investments that demonstrate how infrastructure can contribute to the conservation, restoration, and regeneration of nature.
2. **Improve climate resilience through our investments:** We are assessing and monitoring the number of people supported to adapt to climate shocks and change, as well as the number of projects that introduce specific measures to improve climate adaptation and resilience.
3. **Accelerate an equitable and just transition to low-carbon economies in PIDG countries:** Since 2019, we have reduced the emission intensity of our operational investments, driven by strategic shifts and the replacement of high-carbon legacy assets with renewable energy projects. However, the anticipated commissioning of legacy gas power and cement facilities is expected to cause a temporary peak in portfolio carbon intensity before our strategy drives a sustained decline. Our focus remains on supporting the global transition and unlocking economic opportunities in developing economies – progress is tracked using a climate-aligned portfolio metric, ensuring we effectively support the clean energy transition.
4. **Accelerate gender equality and wider inclusion outcomes through our action on climate and nature:** We place climate, nature, gender and inclusion considerations at the core of our investment approach, with tools for screening risks and opportunities to women and girls and, disabled persons embedded alongside our climate and nature screening process. We intend to strengthen this approach to directly link climate and nature to gender equality and wider inclusion outcomes, in consideration of the differing vulnerabilities and opportunities facing equity-deserving groups.

Climate and nature principles

We develop and invest in infrastructure that has a transformative impact on both people and the planet. This commitment is guided by four climate and nature principles. These principles cut through each pillar, supporting our strategic objectives and shape our project development processes, capital allocation decisions, and the origination of new investments. They guide our approach in safeguarding against negative impacts while promoting investments that provide new opportunities for both climate and nature outcomes. Together, these principles form the foundation of our Climate and Nature Approach aiming to achieve meaningful, long-lasting environmental and social impact in the regions where we operate.

1. **Do no harm:** Infrastructure development should do no harm to people or the planet. This means eliminating or reducing the HSES risks and adverse impacts from our activities to as low as reasonably practicable.
2. **Infrastructure assets and services should be resilient to climate change:** Integrating nature-based solutions to support this aim, while maximising other additional environmental and social co-benefits that nature enhancement can deliver.
3. **Infrastructure assets and services should increase the resilience of communities and ecosystems:** Infrastructure should contribute positively to (i) the communities and those that are the most vulnerable to the impacts of climate change, and (ii) the health and resilience of nature and its ability to provide ecosystem services, within the landscape they are developed in.
4. **Infrastructure and investment approaches should create an outsized (transformative) impact on climate and nature goals:** Initiating cascading benefits of development to improve climate resilience, nature protection and/or restoration, gender equality and inclusion outcomes, and economic outcomes, which reinforce one another, through sparking or strengthening processes of positive change.

Pillar 1 –

Applying a deliberate climate and nature lens to PIDG's traditional infrastructure business

Climate and nature considerations are at the core of any investment that we make. We therefore have a strong focus on managing climate and nature risks and impacts, and screening for such opportunities.

All our investments will:

1. **Align with the goals of the Paris Agreement and minimise their contribution to global greenhouse gas emissions:** All investments will support the transition to a low-carbon global economy, helping to keep global temperature rise well below 2°C whilst aiming for 1.5°C. Beyond Paris alignment, we strive to reduce the carbon footprint of all projects by incentivising low emission investments and those that deliver emission reduction or avoidance at scale. Our commitment to minimise greenhouse gas emissions is integrated into our investment screening and review process, and we annually report on the operational emissions in our portfolio.
2. **Be resilient to climate change:** We rigorously assess climate risks for each project, from the early screening phase through to operation. This means integrating adaptive measures, so that our investments can withstand increasing climate risks such as flooding, drought, and extreme heat. Where possible, we aim to incorporate nature-based solutions to strengthen resilience and support local ecosystems.
3. **Minimise adverse impacts to nature and other environmental objectives:** We are committed to avoiding and minimising potential adverse impacts to biodiversity and to the services provided by healthy ecosystems wherever we invest and operate, in alignment with the IFC Performance Standards, especially PS 3 and 6. We have in place HSES policies and processes that comprehensively consider environmental safeguards. We aim to avoid impacting ecologically sensitive locations[1], and require projects to demonstrate no net loss and/or net gain of biodiversity. We will only consider biodiversity offsets after the mitigation hierarchy has been applied.
4. **Ensure that the rights of different stakeholders are respected through an inclusive, transparent, and empowering consultation process:** We are committed to open and constructive relationships between our projects and their external stakeholders who are directly or indirectly affected by them (inclusive of local communities, indigenous peoples, women and other vulnerable groups, regulatory authorities, non-governmental organisations and other relevant groups). All our projects are required to have stakeholder engagement plans setting out the process of engagement and to have an external grievance mechanism which forms an integral part of stakeholder management, and an internal grievance mechanism for project workers. This engagement helps to support our assessment and management of nature and climate-related issues, ensuring that the rights, usage of, and access to land and resources, and/or adaptation and resilience needs, of local communities are acknowledged and respected.
5. **Maximise their potential for climate and nature opportunities:** In addition to managing risks, all investments will be actively screened for climate and nature opportunities. These may include scaling emission reductions, integrating nature-based solutions, enhancing climate resilience, and embedding circular economy principles. We prioritise investments that deliver multiple co-benefits.

1. Our framework aligns with the MDBs Common Principles for tracking nature-positive finance, and the World Bank's Note on Nature Finance Tracking Methodology.

Pillar 2 –

Prioritising the allocation of capital for positive climate and nature outcomes

Over the strategy period to 2030, a substantial portion of our investment will focus on financing and developing infrastructure that contributes towards climate mitigation, adaptation and resilience objectives. We will also demonstrate the full potential of infrastructure to deliver measurable positive outcome(s) for biodiversity, ecosystems or the services they provide. As part of this commitment, we will:

1. **Allocate 50–70 per cent of new commitments to climate finance:** We are targeting that 50-70 per cent of all new investment commitments will be channeled towards climate finance, accelerating global goals for decarbonisation and climate adaptation and resilience. This capital will support projects that reduce emissions, enhance adaptive capacity, and strengthen resilience to climate impacts.

2. **Demonstrate the role of infrastructure in nature conservation and restoration:** In our investments we will explore and implement actions to support nature-positive outcomes. This broadly encompasses the following activity groups: (A) restoration and conservation of biodiversity and/or ecosystem services; (B) reduction of the direct drivers of biodiversity and/or ecosystem services loss; (C) integration of nature-based solutions across economic sectors; and (D) policy, tools, or other sectoral instruments enabling activity groups (A) to (C)[1].

A **Restoration and conservations of biodiversity or ecosystem services**	Direct financing of conservation, restoration, and related services as the primary of investments.
B **Reduction of the direct drivers of biodiversity or ecosystem services loss**	Activities that reduce the direct drivers of biodiversity or ecosystem services loss – land use change, overexploitation, climate change, pollution, and invasive species.
C **Integration of nature-based solutions across economic sectors**	Activities that provide infrastructure-type and other services that are material to project operations and can displace or complement engineered structures.
D **Policy, tools, or other sectoral instruments enabling (A) to (C)**	Encompasses a variety of measures that enable A-C.

3. **Mobilise private capital for climate and nature-positive investments:** We will continue to play a catalytic role in de-risking investments in sustainable infrastructure, using blended finance tools to crowd in private investors. Our focus will be on making climate and nature-positive projects more attractive through early-stage equity investment in nascent technologies, offering guarantees, and concessional funding where required.

What do we count as **climate and nature finance?**

1. What counts as climate finance?

To track our climate finance commitments, we have established clear guidance on what qualifies as climate finance. Our approach aligns with industry best practices and internationally recognised methodologies. The figure below illustrates some of the project sectors that are considered for eligibility.

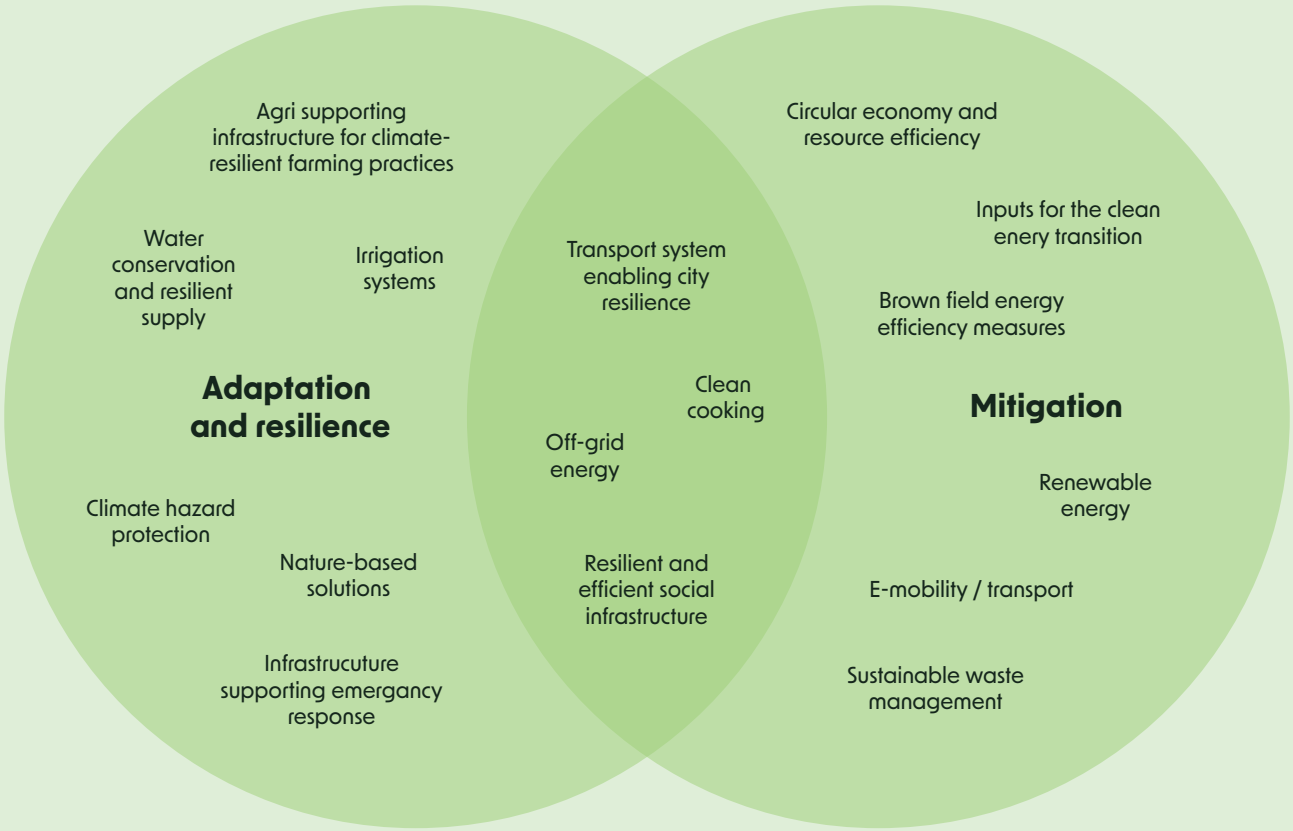


Figure 8: Examples of investments that could be counted as climate finance

What counts as climate mitigation finance?

The Intergovernmental Panel on Climate Change (IPCC) defines climate mitigation as actions to limit or reduce greenhouse gas (GHG) emissions. PIDG applies the three broad categories for climate mitigation, as defined by the multilateral development banks' (MDBs) methodology for tracking climate mitigation finance:

- Low emission investment: investments with minimal or negligible emissions.
- Transition investment: investments reducing or avoiding emissions in carbon intensive sectors that support the transition to a low-carbon economy.
- Enabling investments: investments fostering the broader shift to a low-carbon economy, such as infrastructure supporting the manufacture of renewable energy components or other inputs into the clean energy transition.

What counts as climate adaptation and resilience finance?

Our focus is on enhancing climate resilience for urban, rural, and coastal communities, prioritising investments that directly strengthen people's resilience to climate change. There are two categories of investment that support climate adaptation and resilience benefits[1]:

- Adapted investments: are themselves resilient to climate impacts through effective management and mitigation of physical climate risks.
- Enabling investments: these investments are both resilient to climate change and contribute to substantial improvements to the climate resilience of other people, businesses, or economic activities.

We strive for all our investments to be resilient to climate change. As such, we target and incentivise enabling investments that substantially improve the climate resilience of people, businesses, and the wider economy. We apply the following four-step criteria to identify investments that qualify as climate adaptation and resilience finance:

1. The current or future climate vulnerabilities of the beneficiaries shall be clearly identified.
2. It must be demonstrated that the investment's output will reduce these vulnerabilities.
3. There must be a clear link between specific project activities and the resilience-building outcomes.
4. Resilience-building outcomes need to be measurable and monitoring indicator(s) and/or evaluative end-user surveys are required to enable tracking and validation.

2. What counts as nature finance?

We are committed to demonstrating the role of infrastructure in nature conservation and restoration, and evidence through examples on our investments (Pillar 2). We are also committed to investing in nature as infrastructure (Pillar 3).

We acknowledge that tracking nature finance is an evolving field. PIDG is an early adopter of the recommendations of the Taskforce for Nature Related Financial Disclosures (TNFD). Through our engagement with leading initiatives and coalitions, we continue to explore the application of suitable frameworks to track nature finance and aim to stay aligned with emerging approaches to systematically measure the alignment of our investment portfolio with nature positive goals. We apply three steps to assess nature finance alignment:

1. Apply a taxonomy to identify eligible activities in each infrastructure sector that PIDG invests in.
2. Investigate the potential adverse risks and impacts on nature to ensure no significant harm is associated with the activities under consideration. Where a project requires offsets as part of the mitigation hierarchy (aligned with IFC PS6 requirements), they will be disqualified from further consideration, and we will track these as nature mainstreaming finance – recognising that they might be supporting a broader transition toward practices aligned with delivering the nature-positive goal.
3. Assess whether activities are expected to meaningfully support improving the state of biodiversity or ecosystem services compared with the business-as-usual scenario. Where such activities have documented a clear pathway to how they will make a substantial contribution to nature, we will track these as nature-positive finance.

1. Adaptation and Resilience Impact A measurement framework for investors

Pillar 3 –
Investing in nature as infrastructure

For over two decades, PIDG has focused on 'grey'[1] infrastructure projects to deliver sustainable development outcomes for people, the planet, and economies. However, we recognise that similar outcomes can also be achieved by investing in nature. Natural ecosystems can address infrastructure needs traditionally met by engineered solutions—for example, wetlands can manage flood control more sustainably than concrete barriers, while regenerative agriculture offers an alternative to carbon-intensive fertiliser production.

By incorporating nature as an infrastructure asset class, PIDG can extend its impact, leveraging existing expertise to deliver sustainable development outcomes in low-income countries. While grey or hybrid infrastructure[2] will remain a core focus, there is now a renewed emphasis on preserving and regenerating nature within and around our projects.

We will be exploring a range of different nature project typologies to align with the following aims:

- **Measurable improvement for biodiversity and nature:** We aim to create tangible, measurable benefits for biodiversity and the natural environment.
- **Familiar project lifecycle:** Our goal is to leverage our experience from traditional infrastructure financing models, where possible. For example, afforestation, reforestation, and revegetation (ARR) projects align well with a lifecycle that mirrors renewable energy projects – comprising distinct phases such as development (impact assessments, feasibility studies, permitting), construction (nursery establishment, planting, water management), and operations (long-term asset maintenance).
- **Direct capital investment:** We will prioritise projects that require asset-level capital, ensuring PIDG's additionality is stronger compared to fund-based strategies.
- **Private sector mobilisation:** Notwithstanding the uncertainty in compliance and voluntary carbon markets, which we monitor closely, we see carbon credits as integral for the economic viability of nature-based projects in most cases. PIDG will seek to support North-South capital flows emanating from significant unmet demand arising from corporate net-zero strategies for nature-based carbon credits. We see strong potential for high-integrity carbon projects to generate tangible co-benefits for local communities, such as creating jobs and non-carbon livelihood opportunities through sustainable forestry products like timber, fruit or nuts. This diversification of revenue streams strengthens project viability and enhances long-term development impact, reducing reliance on volatile carbon markets. These projects also address broader environmental and social goals, such as combating deforestation, restoring degraded lands, protecting biodiversity, and promoting sustainable land use.

By scaling investments in nature alongside grey and hybrid infrastructure, PIDG aims to contribute to resilient ecosystems, climate mitigation, and sustainable development in the countries where we operate.

1. Grey infrastructure engineered infrastructure that utilises concrete, steel, and other human made materials.
2. Hybrid infrastructure refers to systems that combine grey and green / nature-based infrastructure

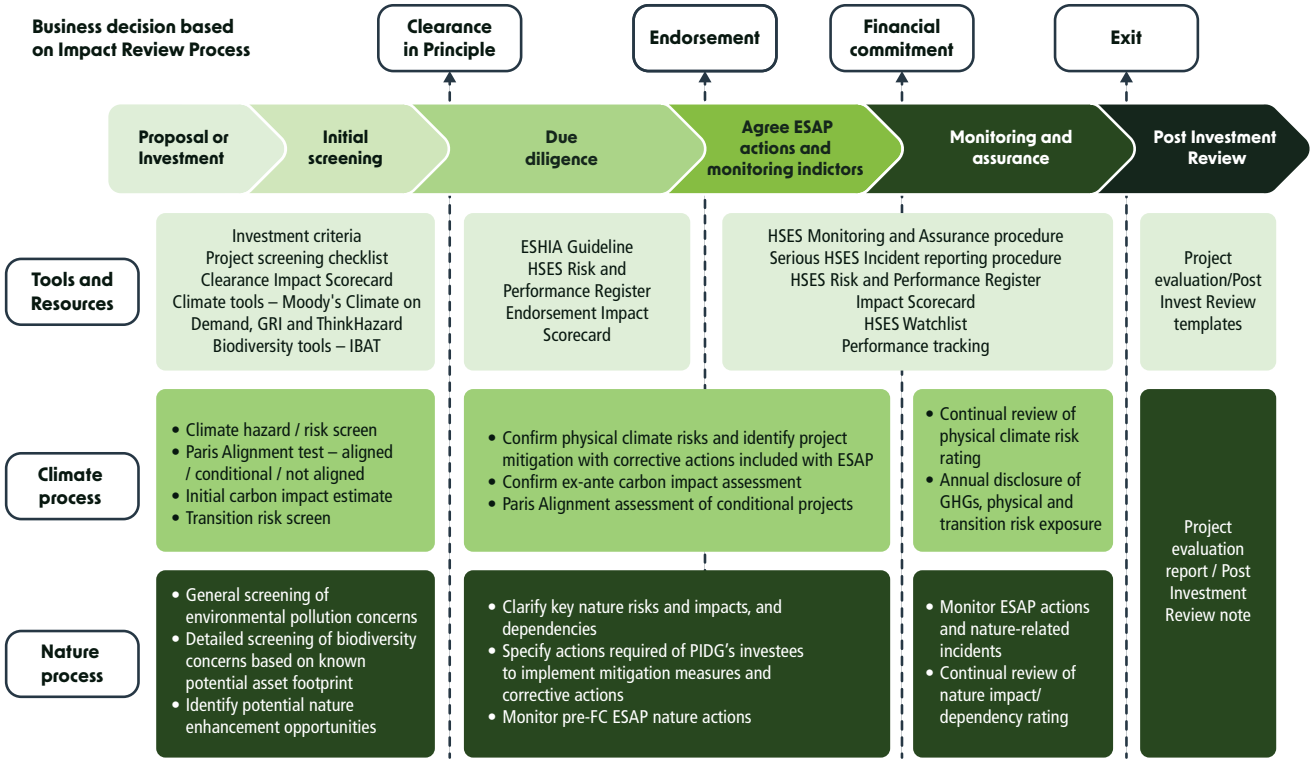
Climate and nature – **risk and opportunity management**

The implementation of our climate and nature approach is reliant on a well-established process and governance; climate- and nature-related issues are assessed and managed throughout an investment's lifecycle. Each new proposed investment undergoes a two-stage approval process: (i) clearance in principle and (ii) endorsement, before reaching financial close and transitioning to the portfolio, where it is actively monitored, assured, and evaluated before exiting the portfolio.

During the clearance in principle process, potential investments first undergo initial screening of their potential climate and/or nature-related issues, to identify red flags and focus areas for due diligence. Investments only progress to due diligence once clearance in principle has been received. Due diligence involves assessing the potential for the investment to align with the PIDG Climate Change Standard and HSES policies. It also involves evaluating whether key climate and/or nature risks and opportunities have been identified to ensure that the risks are manageable and/or acceptable and that opportunities have been recognised before submission for endorsement.

Once an investment enters the portfolio, it is tracked using the impact tracking tools and the HSES risk register. Climate and nature risks are categorised using this register. This enables high climate and nature risk areas to be prioritised and monitored accordingly. The PIDG Impact team monitor the project over the life of the investment, with the HSES team providing targeted monitoring and assurance to high-risk projects. The Impact team then undertakes a post investment review to provide the opportunity for consolidating Impact information and learning lessons for improvement.

Figure 9: Climate and nature, risk and opportunity management process



Initial screening and clearance in principle - understanding the key characteristics of the project/ investment to inform the screening scope

Climate and nature-related risks and opportunities that are associated with the proposed investment are identified following an understanding of the use of proceeds, asset type, asset development/lifecycle stage, and the company's control over their asset(s). The identification of the risks and opportunities will then primarily depend on information known of: (i) the investment sector, business activities and the physical environmental footprint of the project and associated facilities; (ii) the company/client's capacity and commitment to manage risks and opportunities in accordance with the IFC PSs, and/or; (iii) risks inherent to PIDG-approved investment sectors and the expected future environmental setting or location of the investment activities, when the physical footprint is unknown.

Thematic focus areas, reviewed during screening, relating to climate and nature issues include:

1. Greenhouse gas emissions, transition risk and Paris alignment.
2. Physical climate hazard and risk screening, including water stress and resource dependency.
3. Biodiversity impacts and ecosystem service dependencies

Risk and opportunity screening process for known asset location(s)

Where the physical footprint of the proposed project and associated activities is (largely) known, a screening is undertaken to understand:

Greenhouse gas emissions, transition risk and Paris alignment – At the screening stage, an initial assessment of Paris alignment is completed, which determines the alignment of an investment based on its sector or sub-sector classification. If an investment is classified as conditional or transitional, key assumptions and data points are identified for further review through due diligence to support a more detailed assessment completed at endorsement. This is complimented by a transition risk which is conducted based on the best available information, with due diligence actions and conditions included against assumptions that impact the overall rating. This assessment evaluates transition risk using four indicators, considering international, national, and sector decarbonisation policies and regulations (both planned and implemented):

- Direct impact of policy to reduce GHG emissions.
- Indirect impact of policy to reduce GHG emissions.
- Potential impact on revenue due to availability of lower carbon alternatives.
- Level of investment needed to compete in a lower carbon economy.

Each indicator is assigned a high, medium, or low risk rating, which contributes to an overall rating for the investment based on the highest rating across the indicators. Both the transition risk assessment and Paris alignment approach are supported by an estimate of an investment's carbon impact. This involves an assessment of absolute emissions associated with the total investment commitment, the PIDG-attributed carbon intensity in tCO_2e/mUSD invested, and any avoided emissions where relevant.

Physical climate risks – During the screening stage, an initial evaluation of potential climate hazards is conducted, with an assessment made of potential physical climate risks as a result of these hazards. The hazards considered include flooding, heat stress, tropical storms, sea level rise, water stress, wildfires, and earthquakes. The assessment will examine the impact of climate risks over the investment tenure (development and financial impacts), as well as the operating life of the asset (development impacts). The specific data sources used vary depending on factors such as the asset class, investment type, number of sites, and geographic scope with the data sources and tools used to assess risks including the GRI Risk Viewer, Moody's Climate on Demand, Think Hazard and WRI Aqueduct.

Specifically, the assessment of water-related risks considers water use, dependency, and impacts on other water users, particularly in areas of high water stress and/or extreme competition for water resources. The initial screening assessment will identify key actions for due diligence, highlighting where mitigation is required or where further, more detailed studies are needed to validate identified risks. At a minimum, any risks categorised as high or very high will undergo a detailed review, with appropriate mitigation measures required to reduce the risk to an acceptable level.

Biodiversity risk and nature-related dependencies – A preliminary identification of the sensitive biodiversity areas and features that a project or investment may be interacting with, is undertaken based on information obtained from the Integrated Biodiversity Assessment Tool (IBAT), International Union for Conservation of Nature (IUCN), satellite imagery, and other publicly available literature (as needed). This includes identifying the proximity of the proposed asset(s) to sensitive biodiversity areas (legally protected, and/or internationally recognised areas), and any potential critical habitat, and/or natural habitat triggers, with reference to IFC PS6. Projects that impact Alliance for Zero Extinction sites and UNESCO World Heritage sites are not acceptable for financing. Biodiversity-related concerns identified from the screening are subsequently prioritised for further investigation during the due diligence. The screening process also considers nature-related dependencies (i.e., ecosystem services) which could pose a risk to the project and/or communities living within and surrounding the project.

Climate and nature opportunities – In parallel to the risk screening process, investments are screened for climate and nature enhancement opportunities. This includes identifying opportunities for activities that contribute to improving the state of nature through biodiversity and/or water conservation, restoration and/or sustainable natural resource management. This also includes screening for opportunities for investments to support climate objectives for both mitigation, and adaptation and resilience. We are also actively exploring investment enhancements that integrate nature-based solutions with traditional infrastructure systems to improve the climate resilience of the infrastructure and its users, enhance functionality, and support nature recovery and preservation.

Due diligence – understand and close gaps identified during screening

Due diligence assesses the potential for the project to align with PIDG policies and standards. Based on the information collected during due diligence, the key climate and nature-related risks and impacts from the screening stage are clarified, and gaps associated with PIDG policies and standards and each applicable IFC PSs are identified. Actions needed to address the identified gaps are documented in the ESAP which forms part of the contractual conditions of the investment.

For investments where the associated physical footprint is known, the scope of review focuses on information regarding the project footprint, its facilities and components, and any associated facilities. Existing environmental assessments and design documentation are reviewed where available. Depending on the nature and scale of risk, a site visit may be undertaken to further assess the project location and/or operating facilities and gather additional information through interviews with the company and contractor staff, members of the affected community, and/or other key stakeholders.

Depending on the findings from the initial screening, due diligence may involve a more detailed physical climate risk and vulnerability assessment, as well as specialised studies to assess specific risks, such as flood risk assessment, with the aim of validating any preliminary risks identified at screening. This may also include specialist biodiversity and nature-related assessments, such as a critical habitat assessment. Mitigation measures, contingent upon the risk, may include specific adaptive features or changes to the design to mitigate risks and/or time-bound actions captured in the ESAP.

Endorsement – endorsing the project with a clear picture of risk and opportunity

Following due diligence, the proposed investment undergoes the second stage of approval – endorsement. A review of the climate and nature related-risks and opportunities assessment, and how this will be mitigated and managed is undertaken. Sufficient information should be gathered and presented at this stage to seek to ensure that there is comfort that risks and opportunities are mitigatable, manageable, and/or acceptable. Climate and nature-related monitoring indicators are specified at this stage.

The due diligence process is finalised with an investment achieving endorsement from the Impact function, enabling the investment to progress to financial close. Each investment is also awarded an overarching risk rating, covering physical climate and nature risk, which is a summarised, dynamic rating based on the current position of the investment factoring in currently implemented mitigation measures. These ratings are continually reviewed through the monitoring and assurance phase. An important aspect of the endorsement process is agreeing upon and signing off on ESAP actions and monitoring indicators, encompassing both impact and HSES considerations. This includes a requirement that any events attributed to or exacerbated by climate change are reported

separately, with the incident report assessing how well the design and operation of the asset mitigated the significance of the event.

The process to manage transition risks through due diligence and at endorsement follows the three-part approach initiated during screening – transition risk assessment, Paris alignment approach, and carbon impact review – with a focus on refining any assumptions made during screening. At endorsement, we confirm an investment's ex ante estimate of greenhouse gas emissions, with monitoring indicators provided to validate this assessment throughout operation. Any project with high transition risks requires clear mitigation steps, which also involve finalising a Paris alignment assessment for conditional or transitional sectors.

Monitoring and assurance

The monitoring process commences at financial close and continues throughout the lifespan of the investment until exit. This encompasses monitoring the implementation of ESAP actions, HSES incident reporting – including incidents attributable to extreme weather events linked to climate change and incidents impacting nature – and continual review of each investment's physical climate and nature risk rating.

Targeted climate and nature-related interventions based on the risk profile of each investment are undertaken through monitoring and assurance visits and reviews, and in the event that the risk profile of the investment increases, corrective action and support may be provided.

If a serious nature-related incident occurs, for example, incidents related to a major spill or vegetation clearance outside the designated physical footprint, or fauna mortalities due to project activities, investments are placed on an internal watchlist and incidents investigated, corrective actions undertaken (if needed), and lessons learnt shared across the portfolio to reduce the likelihood of reoccurrence. The same process is followed if a serious climate-related incident occurs, for example, significant asset damage due to high winds.

Throughout the monitoring phase, we conduct annual assessments of physical climate risk exposure across our operational investments. As part of this assessment, we engage with each sponsor company to gather climate-related data points.

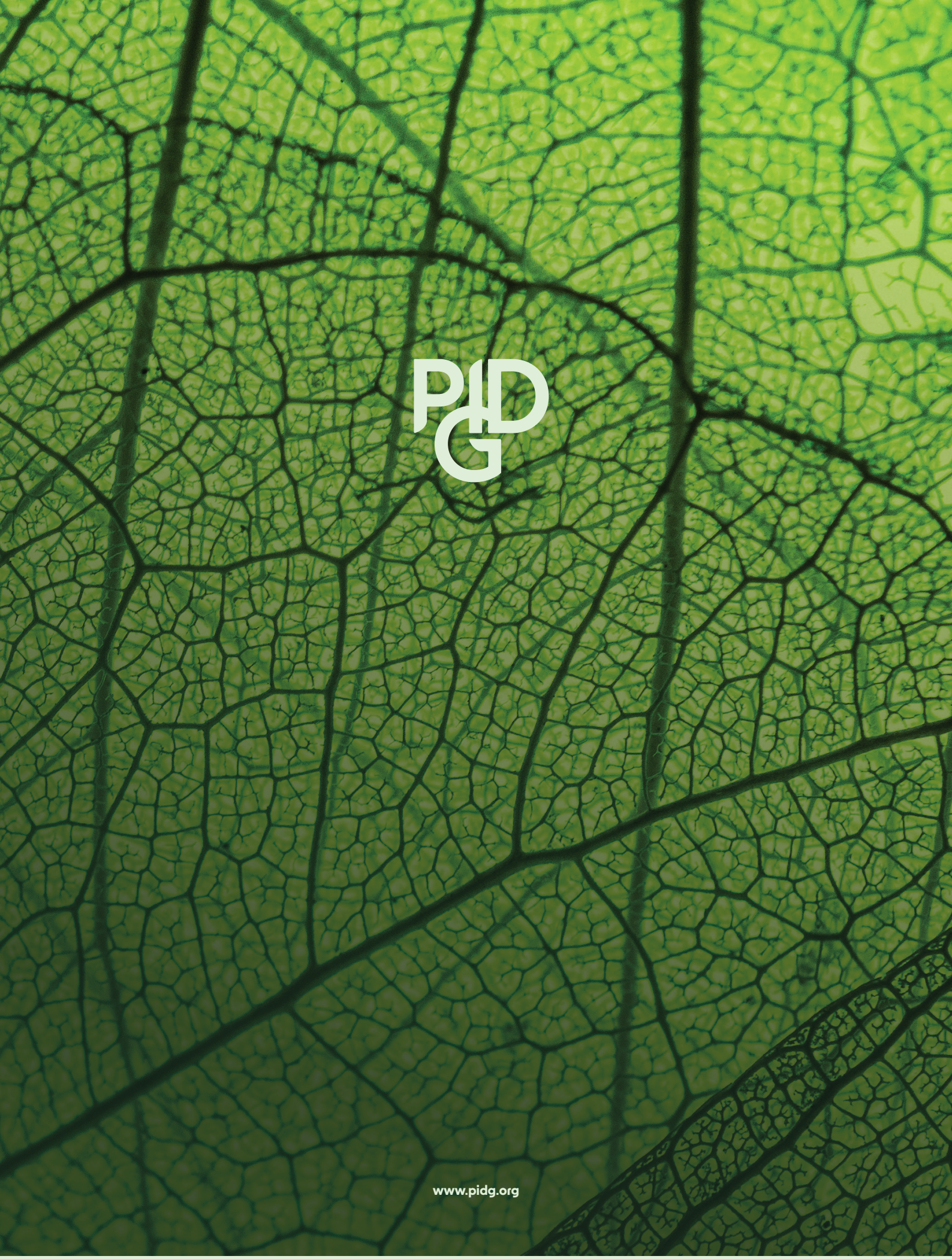
This also includes the collection of nature-related indicators associated with land, freshwater, ocean use change, natural resource use (including water), and pollution.

An annual assessment of GHGs associated with PIDG investments is completed in line with the Platform for Carbon Accounting Financials Standard (refer to Metrics and Targets for the 2024 assessment). This includes a review of progress against any decarbonisation commitments made by investments at the endorsement stage. This is particularly important for projects with Paris alignment conditions or high transition risks.

Investment screening and due diligence where the footprint of the asset is unknown

Where some or all of the proceeds are directed toward unidentified or future asset location(s), the screening is based on identifying the risks and impacts inherent to the sector and/or what is reasonably known about the environmental characteristics of the business activity and its likely geographical setting, based on the track record of the client or our existing portfolio. For indirect investments, the screening process aims to scope key points for due diligence based on the company's business plans and investment strategy, which may indicate a strong likelihood of high climate (physical and transition) and biodiversity risks to the project or business. Where relevant, it also identifies opportunities to support climate mitigation, adaptation, and resilience, as well as conservation, restoration, and nature-based solutions. Following screening, the proposed investment undergoes our clearance in principle approval phase.

For investments involving unidentified or future asset location(s), the due diligence focuses on a review of the company's internal capabilities relating to their (i) policies, processes and HSES management system to identify, assess and manage climate and nature risks, (ii) capacity to implement their policies and processes, and (iii) ability to monitor and report against these processes. Where gaps are identified, support and capacity-building may be provided and ESAP actions are included where necessary.



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