Operating Principles for Impact Management
Disclosure Statement

March 2023
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Disclosure Statement

Bowrington Capital Limited (“Bowrington Capital”) is a signatory to the Operating Principles for Impact Management (“the Impact Principles”). This Disclosure Statement serves to affirm that Bowrington Capital has the policies and procedures in place to manage impact investments in accordance with the Impact Principles. Total assets under management in alignment with the Impact Principles are US$0 million as of February 28th, 2023.¹

Rajkumar Thammineni
Founder & Managing Director
Bowrington Capital Limited
March 31, 2023

¹ The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network (“the GIIN”) or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, “Affiliate” shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.
Principle 1: Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

At Bowrington Capital, our mission is to deliver superior risk adjusted long-term returns for our investors while creating positive impact on local Sustainability Development Goals (SDGs) through investments that seek yield and capital growth from high-quality, long-life infrastructure and related real assets. As a private equity investment manager, our strategic impact objective is based on the belief that creating positive impact to local SDGs is fundamental to creating sustainable value to our investors and all the stakeholders, including local communities. We expect to create long-term sustainable value for our investors through our strategic focus on unique assets that provide essential services combined with operational excellence through partnering with best-in-class management teams. The strategy builds upon our team members’ successful approach to investing in infrastructure and related real assets in the region. The sectors we focus on include but not limited to Energy, Transport, Digital Infrastructure, Environmental, Social Infrastructure and Agriculture. Our approach of deal development, platform roll-up that includes acquisition, operational optimization & organic growth through active asset management provides us the competitive edge to deliver superior risk adjusted returns for our investors.

Our commitment to create positive impact to SDGs is an essential component of how we do business. This is a core priority in our investment strategy. We seek to promote this commitment within each of our portfolio companies to achieve broader objectives of society as well as to ensure our investments are aligned with the future of local communities. Thus, since the inception of Bowrington, we implemented impact assessment and measurement into our investment strategy and investment policies and procedures. Focus on maximizing positive impact to SDGs while minimizing negative impact is at core of our investment DNA and is the foundation for everything we do.

The SDGs are global goals for society and all its stakeholders – most importantly, investors. We believe that it is impossible for any investment manager, particularly in the infrastructure and related real assets sectors, to be a true fiduciary without aligning themselves completely with SDGs and the sustainable future of local communities. We believe that aligning portfolio companies with SDGs not only help societies meet the sustainability goals, but also, more
importantly, grooms the portfolio companies for operating in the new norm towards to a more
crisis resilient portfolio and stronger risk-adjusted returns for our investors.

We adopt best practices in responsible investing and integrate them into each stage of our
investment processes - screening, due diligence, decision making and on-going asset
management and monitoring processes. We are committed to measuring and reporting the
impact of our efforts in a transparent manner through a robust framework developed alongside
leading academia and third-party experts.

Bowrington’s impact investments will be subject to a well-thought framework, where established
processes are enhanced by our policies and procedures in order to ensure a credible basis for
achieving Bowrington’s impact objectives through its investment strategy. Our impact
measurement is customized based on our investment platform. As such, our initial impact
assessments involve screening the potential impact of an investment across all SDGs. We also
refer to the SDGs set by the Taiwan Government which are integrated with important issues in
the local community. We believe that by aligning our portfolio companies with SDGs not only
help governments meet the sustainability goals, but also, more importantly, grooms
the portfolio companies for operating in the new norm. This would help our portfolio companies
and the overall portfolio to be more resilient and offer superior risk-adjusted returns to our
investors.

**Principle 2: Manage strategic impact on a portfolio basis.**

The Manager shall have a process to manage impact achievement on a portfolio basis. The
objective of the process is to establish and monitor impact performance for the whole portfolio,
while recognizing that impact may vary across individual investments in the portfolio. As part of
the process, the Manager shall consider aligning staff incentive systems with the achievement of
impact, as well as with financial performance.

Bowrington Capital’s top-down approach starts with big picture view of economic, social and
environmental trends, locally as well as globally and spotting opportunities created within. We
then seek to partner with businesses and management teams that are uniquely capable to seize
these opportunities. Our bottom-up approach involves in-depth analysis and evaluation of the
target business, management and its business plan to determine economic value as well as to
chart out asset management plan to strengthen its competitive advantage and address relative
weakness, if any. This holistic investment process is the essence of Bowrington’s investment
strategy and what we use to manage financial performance as well as non-financial outcomes.

As we mention in Principle 1, we invest in high-quality, long-life infrastructure and related real
assets. Infrastructure and related real assets (including social infrastructure) in particular, have
the ability to create significant impact on SDGs, positive or negative. Infrastructure and related
real assets could greatly help local communities to align their economies and societies to global goals.

As an investor committed to positively impact SDGs, our processes are designed to identify operational/functional parameters that could maximize positive impact and minimize negative impact of operating our portfolio companies on SDGs. Our processes then monitor these KPIs to manage performance of each portfolio company towards creating positive impact to SDGs.

Critical steps for our impact management process include:

(i) Assess if potential deals would have positive impacts on SDGs during deal sourcing phase;
(ii) Selection of up to five high-potential UN SDGs for measurement and monitoring during deal screening/testing phase;
(iii) Assess preliminary plans to achieve the SDGs with reference to the impact strategy opportunities identified during pre-bid due diligence;
(iv) Documentation of impact objectives and impact measurements to SDGs contributions in the Investment Committee Memo;
(v) Assess the expected impact of the investment through the 3rd party environmental and social due diligence and develop measurement parameters, and propose mitigation strategies;
(vi) Establish Environmental and Sustainability Plan which identifies and manages Environmental, Social and Governance (ESG) risks and implement standards. Implement matrix and monitoring scheme to quantify impact for SDGs;
(vii) Annual environmental reporting and impact measurement monitoring;
(viii) Examine SDGs impact matrix and monitoring mechanism as part of the Annual Strategy Review;
(ix) Final measurement comparing impact performance versus baseline and forecasts upon exit;
(x) Consider the effect which the divestment will have on the impact sustainability.

Bowrington Capital’s impact management process is standardized for all investments to ensure consistent impact management at the project and portfolio level. As our investment continues to grow, Bowrington Capital intends to assess compensation schemes that incentivize investment teams to deliver positive impact as well as financial performance.

**Principle 3: Establish the Manager’s Contribution to the Achievement of Impact.**

*The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more*
financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

To establish and document a credible narrative on its contribution to the achievement of impact, Bowrington Capital will create an impact lifecycle assessment (LCA) document for each investment. Impact LCAs will include the initial assessment of the impact objectives and impact measurements. The impact objectives will be linked to specific SDG indicators identified for each investment and each of the indicators is designated with meaningful measurements to ensure impact contributions. The LCA will be part of the annual environmental reporting in order to examine SDGs impact matrix and provide monitoring mechanism for the Annual Strategy Review.

During the investment period, Bowrington Capital will align investee company’s internal policies and procedures with the intent of achieving impact objectives. We will encourage the adoption of Impact Management Project’s five dimensions of impact below to our investee companies.

- **What** tells us what outcome the enterprise is contributing to, whether it is positive or negative, and how important the outcome is to stakeholders.
- **Who** tells us which stakeholders are experiencing the outcome and how underserved they are in relation to the outcome.
- **How Much** tells us how many stakeholders experienced the outcome, what degree of change they experienced, and how long they experienced the outcome for.
- **Contribution** tells us whether an enterprise’s and/or investor’s efforts resulted in outcomes that were likely better than what would have occurred otherwise.
- **Risk** tells us the likelihood that impact will be different than expected.

In order to provide more clarity and evidence regarding the impact contributions, Bowrington Capital will also utilize available third-party research (e.g., government statistic, academic resources, consulting, etc.) and include it in the LCA detailing the rationale and possible roadmaps to impact.

**Principle 4: Assess the Expected Impact of Each Investment, Based on a Systematic Approach.**

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact.
In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Bowrington Capital determines deal-specific impact objectives for each investment. The impact objectives are linked to relevant SDGs, determined pre-acquisition, and they become the basis of impact goals for the investee company’s management, employees, and other key stakeholders. By asking the fundamental questions of What, Who, and How, the investment manager identifies essential issues related to the SDG indicators raised for each investment, as well as actions required to make positive changes towards achieving the impact goals. Bowrington relies on a range of resources from credible organizations such as the Impact Management Project’s Five Dimensions framework, GIIN’s IRIS+ System and UN SDGs.

Progress in achieving the impact goals is measured by several KPIs that are tracked throughout the life of the investment and reflect the specific impacts the investment manager is focused on. The investment manager will also incorporate an impact risk assessment focused on impact-related risks, this will be documented as part of the impact lifecycle assessment (LCA). The impact indicators identified for the investments are aligned with industry standards and follow best practices. The impact measurement methodology and impact management processes will be systematically employed across all investments at Bowrington Capital.

**Principle 5: Assess, Address, Monitor, and Manage the Potential Negative Impacts of Each Investment.**

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

As described in Principle 2, Bowrington Capital assess the expected impact (positive and negative) of the investment during the environmental and social due diligence process to develop measurement parameters and propose mitigation strategies. As mentioned in Principle 3, aligning our impact objectives with the investee companies is essential. Each investment will be
subject to an annual ESG risk and performance assessment which should be in accordance with international best practices. The framework for the ESG risk and performance assessment is based on IFC Performance Standards as well as IFC’s Corporate Governance Methodology. This includes identification, avoidance, mitigation, and management of ESG risks. Bowrington Capital will also monitor and engage with the investee to bridge any gaps and unexpected events.

**Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.**

*The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.*

As described in Principle 3 and Principle 4, Bowrington Capital will monitor progress toward the achievement of positive impacts through maintaining a lifecycle assessment (LCA) document. The LCA will be part of the annual environmental reporting in order to examine SDGs impact matrix and provide monitoring mechanism for the Annual Strategy Review.

Through periodic reporting, it tracks key performance indicators for each investment with data compiled and provided by our asset managers. The key impact measurements are defined for all of our investments to capture quantifiable and/or non-quantifiable outputs. When the output is significantly different from expectations, asset manager will engage with the investee company to determine the appropriate action to pursue. The discussion will also be documented in the LCA. The asset team will also implement a strong governance process within the investee company to ensure effective communication which enables performance updates to be delivered through monthly calls and via a monthly reporting framework.

**Principle 7: Conduct Exits Considering the Effect of Sustained Impact.**

*When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.*
At Bowrington, one of the key objectives is to institutionalize systems and enhance operational rigor in investee companies that benefit future stakeholders long after our exit, thus creating long-term value at the investee companies. Upon exit, Bowrington Capital will review the circumstances (timing, structure, and process) and evaluate the effect it will have on the impact of the investee company following the divestment.

**Principle 8: Review, Document, and Improve Decisions and Processes Based on the Achievement of Impact and Lessons Learned.**

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

As described in Principle 2 and Principle 3, Bowrington Capital will review and document the impact performance of each investment through its periodic reporting processes. Bowrington Capital will also assess the expected impact (positive and negative) of the investment and is committed to use the findings to improve operational and strategic investment decisions, as well as management processes.

**Principle 9: Publicly Disclose Alignment with the Principles and Provide Regular Independent Verification of the Alignment.**

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement affirms the alignment of Bowrington Capital’s impact management systems with the Principles and will be updated annually. Bowrington Capital is assessing options for an independent verification process and plans to complete this assessment in 2023. We anticipate that the independent verification will be carried out every 3 years thereafter.