



**2023**

**IMPACT PRINCIPLES  
DISCLOSURE STATEMENT**



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**EuroEnergy**  
Greece

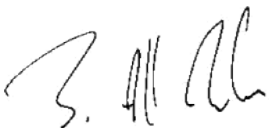
# INTRODUCTION

Cordiant Capital Inc. (“Cordiant”) is a specialist global infrastructure investor with a sector-led approach to providing growth capital solutions to promising mid-sized companies in Europe, North America and selected global markets. Cordiant focuses on three sectors: digital infrastructure, energy transition infrastructure, and the agriculture value chain. Our investment teams integrate significant operating experience from the relevant industry to manage investments in both private equity and credit. Headquartered in Montreal with offices in London, São Paulo and Luxembourg, Cordiant manages funds with committed capital of approximately USD 4 billion.

The firm is a founding signatory of the Operating Principles for Impact Management (“the Impact Principles”). This disclosure statement serves to fulfill Cordiant’s obligations pursuant to Principle 9 (to publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment). Cordiant affirms that it seeks to manage its investment assets in accordance with the Impact Principles.

This disclosure statement applies specifically to the investment fund Cordiant VII – Infrastructure & Real Assets Debt (IRAD) and affiliated managed accounts (together “Fund VII”), as well as Cordiant Digital Infrastructure Limited (“CDIL”), the first UK-listed investment company to provide investors with dedicated exposure to the core infrastructure of the digital economy (LSE: CORD).

Cordiant’s investment process for both equity and credit investments is designed to align with the spirit and intent of the Impact Principles. Cordiant understands, however, that our credit funds lack the same level of influence on company operations that equity ownership provides. Cordiant nonetheless uses its position as lender to actively engage with borrowers to foster a greater understanding and alignment with ESG best practices and promote positive and sustainable impact that contribute to the achievement of targeted UN SDGs.



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Benn Mikula  
Managing Partner & Co-CEO



# 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 the 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.

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A founding signatory of the Impact Principles and an early signatory of the UN PRI, Cordiant has demonstrated a longstanding commitment to the integration of both ESG (environmental, social and governance) and impact analysis into its investment processes. Combining sustainability and responsibility with attractive risk-adjusted returns for our clients is a central pillar of Cordiant's investment approach and embedded into our Responsible Investment Policy. Through a responsible deployment of capital, Cordiant strives to make investments that reduce portfolio risk and generate societal and environmental benefits in support of the UN SDGs and Cordiant's own impact objectives.

We view our approach to ESG risk management and impact management as two parallel but equally important concepts;

### ESG

Our ESG framework includes the processes and systems through which ESG risks and opportunities are identified, monitored and reported. It is used as a tool to minimise societal or environmental costs to mitigate risks that would impact the performance of an investment with the objective of deriving responsible and sustainable financial returns over the medium-to-long term.

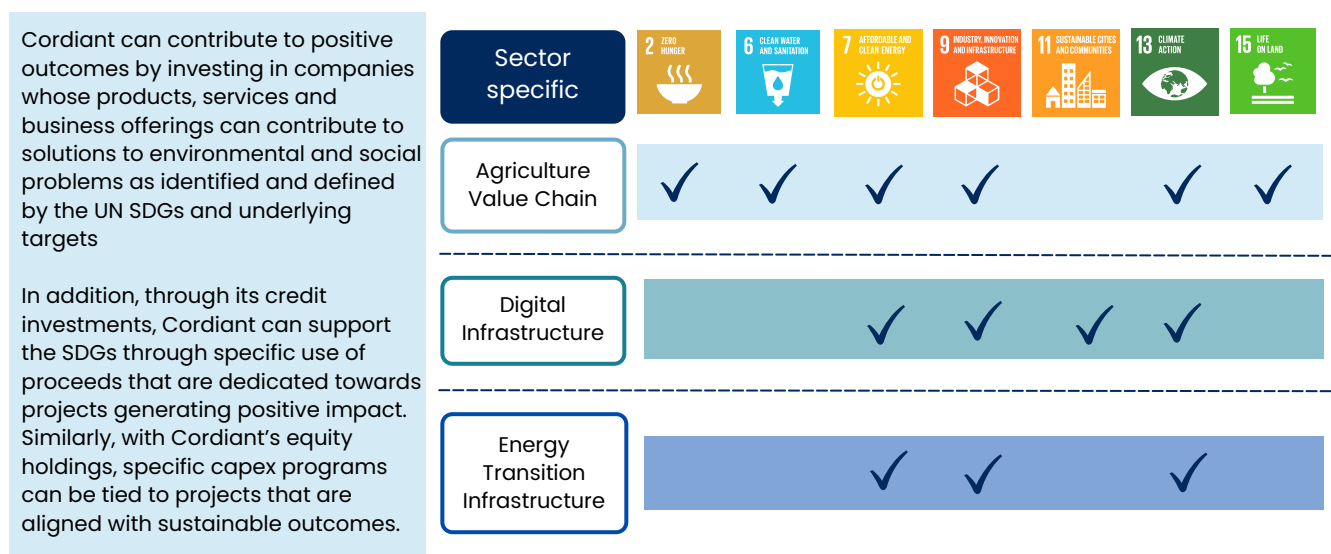
### IMPACT

We seek to intentionally generate positive and measurable social and/or environmental impact to support selected Sustainable Development Goals (SDGs) alongside a targeted financial return.

In 2017–2018, Cordiant undertook a strategic re-orientation to focus on three sectors that offer superior investing potential whilst aligning with our impact strategy: digital infrastructure, energy transition infrastructure and the agriculture value chain. Cordiant tailors its objectives to the realities of each area of the economy in which it invests. All Cordiant focus-sectors can be considered inherently impactful, and thus offer opportunities to generate measurable social and/or environmental positive impact. Cordiant ties its ESG analysis and Theory of Impact to specific industry themes and then seeks to generate one or more positive outcomes. While Cordiant’s focus-sectors can be mapped against several of the UN SDGs, Cordiant has chosen a particular subset and underlying targets on which to focus.

To identify our contribution to these goals, Cordiant separates the channels through which it can create impact into two distinct approaches – positive external impacts and positive internal contributions.

## Positive external impact



## Positive internal contribution

Cordiant can contribute to positive outcomes by ensuring companies align their operations with approaches that can mitigate negative environmental and social impacts arising from their operations and/or that provide benefits to employees, communities and other stakeholders.



# 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.

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Cordiant tailors its objectives to the realities of each area of the economy in which it invests, and thus seeks to apply various impact themes at a portfolio-wide level. The broad impact themes for each focus sector are as follows:

### Agriculture Value Chain

- Encourage sustainable, more efficient land-use and diminish the burden on the environment
- Encourage and support the use of next generation technologies that constrict the need to bring new areas under cultivation through boosting productivity
- The need to enhance food security
- The need to produce cleaner fuels, e.g. biofuels and renewable energy
- The need to mitigate deforestation.

### Digital Infrastructure

- The need to reduce the carbon footprint of the digital economy through better-designed, more efficient data centers as well as the integration of clean, renewable electricity sources into the energy mix.
- The need to reduce the carbon footprint of society, through enhanced communications and connectivity, such as with the application of technologies to develop more sustainable cities.
- The need to better connect under-served businesses and households to the digital economy, thereby supporting enhanced opportunity and economic activity.

## Energy Transition Infrastructure

- Reducing the carbon footprint of the economy, contributing to the attainment of Net Zero.
- Increasing the use of renewable energy sources and replacing carbon intensive sources with transitional sources.
- Encouraging energy security, grid resilience and distribution efficiency through multiple sources of (renewable and transitional) domestic supply and energy storage.

For each potential investments, Cordiant assess aligning with the above guiding principals through the pre-investment analysis. Cordiant has developed an IMM internal tracking tool to track performance at the investment level and to aggregate key performance indicators (KPIs) at the portfolio level.

While Cordiant does not currently have a remuneration policy that explicitly considers sustainability factors, variable remuneration considers compliance with the Cordiant's policies and procedures including its Responsible Investment Policy. Moreover, Cordiant does not encourage short-term risk-taking that exceeds the level of tolerated risk of the affiliated entities and considers sustainability factors to have an important impact on the risk profile and performance of investments. Cordiant has additionally created a firm-wide Sustainability Committee, the purpose of which is to oversee the implementation of Cordiant's sustainability strategy, as approved by the Board of Directors, and to assess and make recommendations to the Board on matters relating to strategy, priorities, policies, practices and corporate responsibility. The Committee is comprised of senior leadership and is chaired by Cordiant's Chairman of the Board.

# 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

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Cordiant has established a series of impact themes for each focus sector. Seeking to generate impact benefits in these themes allows for growing expertise and the cross-pollination of expertise between portfolio companies. In addition to regular interaction between the investee companies and Cordiant's ESG and Impact Team, Cordiant has hosted periodic gatherings of our agriculture borrowers to allow them the opportunity to share knowledge and discuss best practices, like the use of drip-feed irrigation and other farming innovations. Cordiant is thereby able to act as a catalyst for sustainable positive impact while, at the same time, aiming to meet the financial return goals set for our funds. Cordiant takes this stewardship role very seriously. Additionally, the ESG and Impact Team provides access to resources and tailored sustainability training to its investee companies.

For its private equity investments in digital infrastructure, Cordiant invests exclusively in controlling stakes which offer the unique opportunity to drive positive financial and extra-financial outcomes. Through its Build, Buy and Grow strategy, Cordiant brings its blue-chip expertise to support companies in their growth strategy which eventually will lead to the expansion of digital infrastructures and subsequently increase its contribution to core positive external impacts such as the increased number of end-users accessing quality and reliable connection to the digital economy. At the same time, Cordiant uses its power of influence to ensure operations minimize their negative impacts with a strong focus on the decarbonization of digital infrastructures.

As for its private credit strategy, Cordiant's investments are generally long-term in nature (extending over several years) by providing additional capital through funding rounds. Through these long-term commercial relationships, Cordiant is committed to use its capital to contribute to the achievement of lasting positive outcomes beginning with pre-investment due diligence through the life of each investment.



To assess its contribution in a more systematic way, Cordiant assess through which medium it can support the targeted potential impacts during the pre-investment impact analysis. Cordiant identified distinct levels of contribution for its two investment strategy;

Private credit
Company currently contributing to the impact
Cordiant contributes through use of proceeds
Cordiant can contribute to the impact through engagement effort
Cordiant encourages internal contribution
Private equity
Company currently contributing to the impact
Cordiant can contribute to the impact through engagement effort
Cordiant can contribute through engagement effort

# 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.

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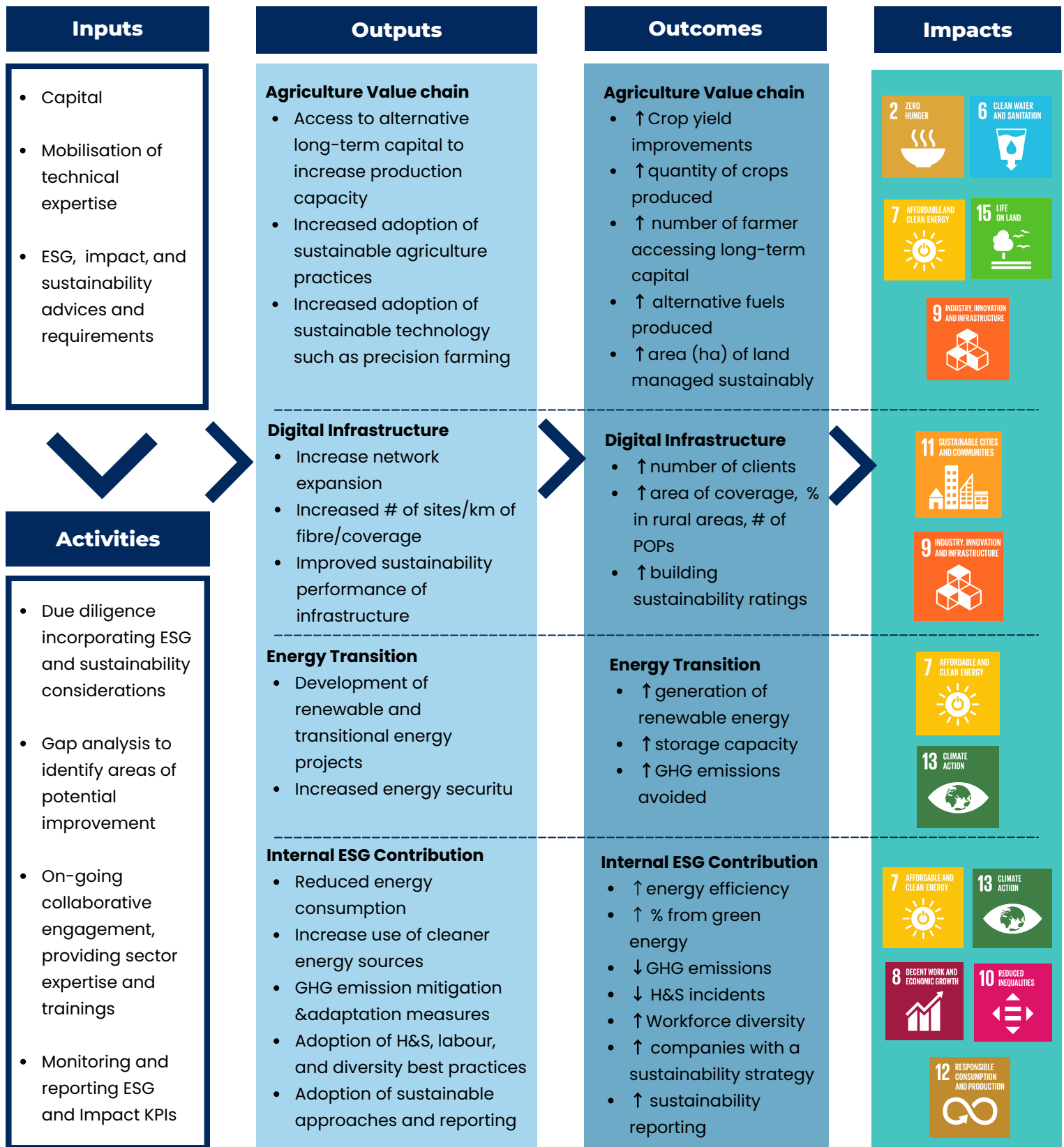
Cordiant ties its Theory of Impact to specific industry themes and then seeks to generate positive outcomes through control (private equity) or influence (private credit). In an effort to strengthen its approach to assessing the positive impacts generated through its investment strategies, Cordiant uses the Theory of Change ("ToC") framework.

Through the ToC framework, Cordiant has refined its approach in assessing its impact and contribution to the SDGs based on its focus sectors and its engagement with investee companies by emphasizing the way this contribution is achieved.

To further contextualize the generation of the targeted impacts, Cordiant incorporates the Impact Management Platform's (IMP) 'Five Dimensions of Impact' (i.e. what, who, how much, contributor, risk) and is tailoring it accordingly to best suit the Firm's purpose and needs, such as identifying the risks that could hinder the likelihood of achieving the targeted impact.

The IMP's 'Five Dimensions of Impact' standardized method is used both when assessing potential impacts of individual investments and when tracking performance.

# Impact in our focus sectors Theory of Change



# PRINCIPLE 5

Assess, address, monitor, and manage 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.

Cordiant integrates ESG risk management and impact management throughout the investment process. ESG and impact standards and principles are applied in accordance with the firm's Responsible Investment Policy (found on Cordiant's website). This approach builds on previously implemented methodology, and is based on three key lynchpins;

## Investment & Lynchpin Timeline

Pre-investment

Post Investment

Screening

Management

Tracking

## Screening

### Exclusion list

Prospective investments are subjected to an initial negative exclusion screening process, outlining activities and operations that present significant ESG risks.

### ESG Risk and Impact Identification

Investments are evaluated using a standardized approach based on the country(ies) and sector(s) of operation to identify potentially material risk factors. Alignment to the SDGs is also assessed at this stage.  
*Using proprietary Materiality Assessment tool (C-Mat)*

### ESG Due Diligence

Cordiant conducts an ESG due diligence process, covering sector-specific and sector-neutral sustainability factors. Due diligence is tailored for the investment and the sector.  
*Using tailored-made due diligence questionnaire*

## Risk Categorisation

Based on identified material risks, ESG due diligence and additional supporting information, a risk level is attributed to the prospective investment. Factors of influence:

- Mitigation of identified ESG risks
- Sustainability organisation in place (Is there someone in place to handle ESG matters and is there management oversight)
- Adhesion to sector-specific ESG standards
- Stakeholders' engagement including grievance mechanism (when material)
- Sustainability reporting (does the company reports ESG information + indicators)

## Management

### Gap Analysis

Based on the ESG due diligence, Cordiant identifies negative and/or positive 'gaps' in a company's ESG performance. Necessary measures or appropriate remediation policies are outlined by the ESG team and communicated to the investee company.

### Engagement

Cordiant actively engages with investee companies concerning ESG and impact matters. As part of its engagement efforts, Cordiant seeks to aid investee companies:

- Identify and mitigate ESG risks;
- Assess and act upon impact opportunities;
- Improve ESG characteristics; and
- Specify and build understanding on the indicators required to track ESG and impact performance.

If concerns are highly material, an ESG Action Plan will be developed to improve an investee company's ESG performance to meet Cordiant's expectations. If required, the hiring of third-party E&S experts will be considered.

*Engagement efforts are anchored by Cordiant's Engagement Policy*

## Tracking

### On-Going Monitoring and Evaluation

Cordiant conducts on-going monitoring and evaluation to track the ESG and impact performance of investee companies and to ensure actions are consistent with agreed-upon ESG plans.

*Indicators collected through sector-specific Annual monitoring questionnaire*

### Transparency

Cordiant discloses its approach to responsible investment and the integration of ESG risks and/or opportunities and impact objectives throughout the investment process.



# 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.

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Each of Cordiant's focus sectors involves its own particular set of risks and opportunities. As such, Cordiant adopts a tailored approach that relates to the specific impact themes being pursued in each sector. Cordiant seeks to identify and, as much as possible, arrest deviation from pre-established impact goals.

Cordiant has refined its IMM practices and has identified key ESG and impact indicators that are to track progress towards the targeted positive outcomes. These indicators are collected on an annual basis using Cordiant's tailored-made Annual monitoring questionnaire and serve to identify areas of improvement and to establish improvement targets. For our credit investments, the reporting of key qualitative and quantitative indicators on an annual basis is embedded in loan documentation.

To communicate its impact goals, Cordiant's ESG and Impact team meets with investee companies on a regular basis with a minimum of once per year following the reception of the Annual Monitoring Questionnaire. During these calls, performance is assessed and potential areas of improvement are identified. Cordiant is currently working on the implementation of an IMM dashboard that will enable the visualization of all investee companies' performance against the targeted positive outcomes through the tracking of ESG and impact indicators.

Cordiant's Senior Management and Investment Committee will be alerted to risks arising during the lifetime of an investment. The ESG & Impact team also discusses engagement outcomes with Cordiant's Sustainability committee on a quarterly basis.

# PRINCIPLE 7

## Conduct exits considering the effect on 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.

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Cordiant Digital Infrastructure Limited ('CDIL'), a publicly listed Company was established in 2021, managed by Cordiant, operates using a 'Buy, Build and Grow' model. The Company seeks to acquire cash-generative platforms, of generally medium size, and then aims to both expand and improve them over time, with impact generation targeted (e.g. moving to 100% renewable electricity consumption; energy efficiency measures at both the network design and network component level; increasing ESG capabilities; improving and increasing digital connection and reducing the digital divide; introducing applications such as IoT and Smart City solutions, enabling a move to more sustainable cities). This is made possible by the Investment Manager's dedicated Digital Infrastructure team. With this approach and the age of the Company in mind, the Company has yet to produce any exits. When investments are exited in the future, they will be managed according to the Investment Manager's approach..

Credit funds have inherently less influence over a company than equity funds. Given that most loans can be prepaid by the borrower, the point of influence is at the front end of the investment which is why we integrate ESG and impact considerations early in the investment process (As defined in principle 5). Furthermore, we seek to provide longer-term loans, fostering good relations with investee companies in order to provide support throughout the investment term. This includes providing assistance with identified deliverables when an ESG Action Plan has been implemented. In addition, Cordiant has a preference for working with repeat borrowers. As a result, borrowers have a greater incentive to engage with Cordiant in a positive way. If an investment is repaid, but ESG gaps remain, Cordiant may continue to engage and provide support to the the company if appropriate.

# 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.

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Cordiant analyses impact as part of the investment analysis process and integrates impact into ongoing monitoring processes. We are promoting greater integration of ESG and impact principles within the firm through joint meetings of the ESG & Impact and Investment teams. In addition, senior members of the Investment team meet weekly with Cordiant's senior management to discuss pipeline opportunities as well as to raise any material issues (including ESG and impact) surrounding an existing investment. As a smaller firm, we use these periodic meetings to disseminate best practice.

The entirety of the ESG & Impact team meets on a weekly basis to discuss ESG and impact performance and strategy, and conducts a yearly review of current impact practices in order to identify area of improvement and update processes where needed with the objective to continuously improve its impact framework.

Additionally, in early 2023 Cordiant established its Sustainability committee composed of members from the BoD and the firm's leadership team, as well as representent from all Cordiant's focus sectors and asset classes. This committee meets on a quarterly basis and has for role to oversee the implementation of Cordiant's ESG & Impact strategy.

# PRINCIPLE 9

Publicly disclose alignment with the Impact 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 Impact 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

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Cordiant undertook its first independent audit in 2020 (commenced in 2020, completed in Q1 2021) with the final Independent Verification Statement issued in April 2021. It is Cordiant's intention to undertake periodic independent verifications no less than every 5 years.

# DISCLAIMER

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