

Verification Statement of the alignment of Pegasus Capital Advisors L.P. with the Operating Principles for Impact Management

May 2nd, 2023

Context

As mandated by Pegasus Capital Advisors L.P. (**Pegasus**) in January 2023, Tameo Impact Fund Solutions SA (**Tameo**) conducted an independent assessment of Pegasus' alignment with the Operating Principles for Impact Management (the **Impact Principles**) based on the Disclosure Statement published by Pegasus in May 2022. The Disclosure Statement applies to the Subnational Climate Fund (**SCF**) and covers approximately USD 50 million of its assets under management, as of May 2022.

The SCF aims to invest in climate-smart infrastructure and nature-based solutions. A consortium of four entities was formed in 2020 and is involved in the management and advisory of the fund:

- Pegasus Capital Advisors (**Pegasus**): Fund Manager
- R20 Regions of Climate Action (**R20**): Advisor to the Technical Assistance Facility
- International Union for Conservation of Nature (**IUCN**): Technical Assistance Manager
- Gold Standard for the Global Goals (**Gold Standard**): Impact Certification

In compliance with Principle 9 of the Impact Principles, Tameo is independently verifying the alignment of the impact management system of Pegasus with the impact Principles. The assessment was performed using Tameo's proprietary verification methodology and knowledge of best practices in impact measurement and management in the impact investing industry. It consisted of a detailed evaluation of Pegasus' impact management practices, investment strategy, policies, and procedures.

Pegasus, together with other members of the consortium, is responsible for the definition and implementation of policies ensuring their alignment with the Impact Principles. Pegasus is also responsible for publicly disclosing, on an annual basis, the alignment of its impact management systems with the Impact Principles.

Verification Process

Tameo conducted the verification using the following approach:

1. Revision of the Disclosure Statement.
2. Revision of the corporate documents, policies, procedures, and investment strategy, assessing all components related to impact management. Examples of the documents include the SCF Environmental and Social Management System (ESMS), the SCF Private Placement Memorandum (PPM), the ESG screening template and the KPI data collection template, among others.
3. Interview of three senior staff members (Operating Partner, Partner, Chief Compliance Officer) as well as E&S and Impact Manager overseeing the implementation of Pegasus ESG and impact policies and procedures. As SCF is part of a consortium of several actors, Tameo also interviewed the CEO of R20, an NGO coordinating SCF's Technical Assistance facility.

4. Analysis of one transaction's documentation, reviewing the process and documentation from due diligence to the investment committee. Due to SCF's recent launch, it is too early to assess the monitoring of any transaction.
5. Assessment of Pegasus' alignment with each of the Impact Principles based on the above steps and using our proprietary verification methodology.
6. Submission of the results of Tameo's assessment and recommendations for improvement in a dedicated report to Pegasus' attention.

Conclusions

Based on the assessment conducted and documents received from Pegasus, we believe that the impact management system and processes of Pegasus regarding the SCF are in alignment with the Impact Principles for the USD 50 million of Covered Assets under management as of May 2022.

The SCF implements ESG and impact-related processes that are consistent with its investment strategy and benefits from the resources and knowledge in impact management brought by the consortium members. The fund integrates impact considerations throughout the investment lifecycle and in its decision-making processes.

As only one investment has been approved as of the time of verification and no exits or performance monitoring have been conducted, Tameo focused on assessing the processes and policies of the fund. The assessment of Principles 6, 7 and 8 was therefore limited.

Tameo's assessment is based on publicly available information, as well as material provided by Pegasus. Tameo is not responsible for the accuracy or completeness of any such information provided by Pegasus. Tameo's work does not include a verification of the actual impacts achieved or the accuracy of the impact performance reported by Pegasus. The results of Tameo's assessment represent the professional judgement of Tameo's team based on its knowledge and experience.

About Tameo

Tameo is a Swiss impact investing specialist serving the financial industry with independent expert solutions. Tameo guides investment funds, managers, and investors through the entire impact investing journey. It offers the most comprehensive online database of impact funds, customized analyses, and independent valuations. Through its research and advisory services, Tameo empowers clients to move towards best-in-class impact measurement & management.

The Impact team responsible for conducting the verification has expertise in impact measurement and management and extensive knowledge of the industry's standards and best practices. The team is composed of one Managing Partner and two analysts.

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