Universal Green Energy Access Programme SCSP RAIF

Sustainability Related Disclosures as required by Article 10 of the Sustainable Finance Disclosure Regulation for Article 9 Funds

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Summary

Fund Overview

The Universal Green Energy Access Programme ("UGEAP" or the "Fund") is a Luxembourg reserved alternative investment fund established to mobilise private debt capital in support of the transition to sustainable energy across Sub-Saharan Africa. The Fund has a sustainable investment objective within the meaning of Article 9 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR") and seeks to make 100% sustainable investments (other than limited cash holdings and hedging instruments) by financing distributed renewable energy ("DRE") solutions that expand access to clean, reliable and affordable electricity.

The Fund provides medium- to long-term debt financing to Financial Institutions (“FIs”) and directly to eligible Non-Financial Corporations ("NFCs") operating within the DRE sector. Through these investments, the Fund supports the development, construction and operation of renewable energy solutions, including off-grid systems, mini-grids and commercial and industrial renewable energy installations. By increasing access to clean energy, the Fund seeks to contribute to the reduction of greenhouse gas emissions, strengthen financial ecosystems, promote economic development, and support poverty reduction across its target markets.

Sustainable Investment Objective

The Fund's sustainable investment objective is to contribute to the transition towards sustainable energy by financing investments that deliver renewable energy generation and improve access to clean electricity in Sub-Saharan Africa. The Fund invests in businesses that provide distributed renewable energy products and services, either directly or through FIs that on-lend to eligible renewable energy companies. Investments are focused on three principal categories: (i) off-grid renewable electricity, (ii) renewable energy mini-grids, and (iii) renewable energy solutions for commercial and industrial users, including selected on-grid renewable energy installations.

In addition to pursuing measurable environmental outcomes, the Fund aims to mobilise private sector investment into underserved renewable energy markets by addressing the shortage of medium- and long-term debt capital available to eligible businesses operating within the target sectors.

Investment Strategy

The Fund pursues its sustainable investment objective through a private debt investment strategy focused exclusively on DRE investments within eligible Sub-Saharan African markets. Financing is provided either through local and regional FIs, which on-lend to eligible renewable energy businesses, or directly to qualifying NFCs.

All investments must satisfy the Fund's eligibility criteria and comply with its investment restrictions, including the use of proceeds, sector eligibility requirements, Social and Environmental Management System ("SEMS"), the Fund's exclusion list ("**Exclusion List**") and applicable Environmental and Social ("E&S") standards. These binding investment criteria ensure that investments remain aligned with the Fund's sustainable investment objective throughout the investment lifecycle.

No Significant Harm

The Fund applies a comprehensive environmental and social risk management framework designed to ensure that sustainable investments do not significantly harm any environmental or social sustainable investment objective. All prospective investments are subject to environmental and social due diligence and must comply with the Fund's SEMS, Exclusion List and applicable environmental and social requirements. The Fund considers principal adverse impacts ("PAIs") on sustainability factors during investment appraisal and monitoring and assesses investees' capacity to identify, manage and mitigate environmental and social risks throughout the investment period.

Monitoring and Measurement

Achievement of the Fund's sustainable investment objective is monitored throughout the investment lifecycle using sustainability indicators derived from the Green Climate Fund ("GCF") Logical Framework. These include indicators relating to greenhouse gas emissions avoided, renewable energy capacity installed, and the number of households and individuals benefiting from improved access to clean energy.

Impact data is collected from FIs and NFCs through standardised reporting templates and reviewed on an ongoing basis to monitor progress against the Fund's sustainable investment objective. Reported data is assessed against ex-ante impact estimates and, where appropriate, benchmarked against comparable investments to support data quality and consistency.

Data, Due Diligence and Engagement

The Fund undertakes proportionate environmental and social due diligence before each investment and monitors compliance with E&S requirements throughout the investment period. Due diligence considers, among other matters, environmental and social risks, governance arrangements, climate-related considerations and compliance with the Fund's investment requirements. Where appropriate, Environmental and Social Action Plans ("ESAPs") are agreed with investees to address identified gaps and support continuous improvement.

As a debt investor, the Fund maintains an active engagement approach with investees throughout the life of each investment. Ongoing engagement focuses on monitoring compliance with contractual environmental and social requirements, reviewing sustainability performance and impact reporting, supporting implementation of agreed corrective actions where necessary, and promoting continual improvement in environmental and social performance.

No significant harm to the Sustainable Investment Objective

All investments are selected in accordance with the UGEAP Social and Environmental Management System ("UGEAP SEMS"), which requires adherence to the Green Climate Fund Environmental and Social Policy ("GCF E&S Policy"). Accordingly, all prospective investments are assessed against the applicable environmental and social requirements established under these policies. These include, among other requirements, that (i) UGEAP's capital shall not be used to finance economic activities included on the Fund's Exclusion List, and (ii) where adverse environmental or social impacts cannot be avoided, appropriate mitigation measures shall be implemented in accordance with the GCF E&S Policy. Compliance with the applicable environmental and social requirements, including the Exclusion List, is contractually agreed with investees on a case-by-case basis. Prior to investment, the Alternative Investment Fund

Manager ("AIFM") undertakes environmental and social due diligence to assess compliance with these requirements and subsequently monitors ongoing compliance throughout the investment period.

UGEAP relies on the capacity of its investees to identify, assess, manage, monitor and report potential environmental and social impacts in accordance with the applicable environmental and social policies. During due diligence, the AIFM assesses each investee's commitment and capacity to implement these requirements and establishes appropriate reporting arrangements to enable ongoing monitoring of environmental and social performance over the lifetime of the investment.

Given the Fund's investment strategy, FIs may, outside of the financing provided by UGEAP, maintain lending relationships with borrowers that do not fall within the Fund's sustainable investment objective or that may cause significant harm to environmental or social objectives. However, the proceeds of UGEAP financing may only be applied to eligible investments that comply with the Fund's do no significant harm ("DNSH") principles, including adherence to the UGEAP Exclusion List and implementation of a SEMS that is acceptable to UGEAP. As part of the initial environmental and social due diligence, the AIFM assesses the adequacy of the FI's SEMS and its capacity to apply the Fund's environmental and social requirements to the underlying portfolio financed by UGEAP. Given the intermediary nature of these investments, the availability of detailed DNSH data at the level of each underlying borrower cannot always be assured. Accordingly, UGEAP relies on the quality and effective implementation of the FI's SEMS, together with ongoing monitoring and reporting, to provide assurance that the Fund's DNSH requirements are being met for investments financed through the Fund.

For NFCs, the Fund undertakes environmental and social due diligence directly and assesses compliance with the applicable environmental and social requirements prior to investment. Throughout the investment period, ongoing monitoring is undertaken to ensure continued compliance with the Fund's environmental and social requirements and implementation of any agreed corrective actions.

As part of its active management of adverse sustainability impacts, UGEAP considers the applicable PAI indicators on sustainability factors during both the investment appraisal process, through its environmental and social due diligence questionnaires, and throughout the investment lifecycle using its ongoing monitoring and reporting processes.

For the purposes of the do no significant harm test under Article 2(17) of SFDR, UGEAP considers the mandatory principal adverse impact indicators set out in Table 1 of Annex I to Commission Delegated Regulation (EU) 2022/1288, as amended from time to time, together with two additional indicators selected from Tables 2 and 3 of Annex I, namely: (i) the breakdown of energy consumption by type of non-renewable energy source relating to real estate assets, and (ii) the absence of a supplier code of conduct. These indicators are considered as part of the Fund's assessment and ongoing monitoring of sustainable investments, where applicable.

UGEAP's sustainable investments are also assessed against the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, including the International Labour Organisation ("ILO") Declaration on Fundamental Principles and Rights at Work, and the International Bill of Human Rights, in accordance with the minimum safeguards referred to in Article 18 of Regulation (EU) 2020/852, as required by EU Taxonomy regulations. Where material gaps against minimum safeguards are noted, these are addressed through an ESAP agreed between the Fund and the investee.

Sustainable investment objective of the financial product

The Fund has a sustainable investment objective of increasing access to clean, reliable and affordable electricity. In pursuing this objective, the Fund also seeks to generate market-oriented returns, mobilise private capital and utilise its capital structure to facilitate investment... The Fund seeks to contribute to the achievement of the United Nations Sustainable Development Goals ("SDGs"), in particular SDG 7: *"Ensure access to affordable, reliable, sustainable and modern energy for all."*

The Fund's sustainable investment objective is to contribute to the transition towards sustainable energy by providing debt capital that supports the deployment of DRE solutions across eligible Sub-Saharan African markets. Through its investment activities, the Fund seeks to increase renewable energy generation, improve access to clean electricity, reduce greenhouse gas emissions and strengthen the availability of long-term financing for renewable energy businesses operating in underserved markets.

UGEAP invests in selected African countries, initially comprising Benin, Ethiopia, Kenya, Namibia, Nigeria, Tanzania and Uganda (the "Target Countries"). Additional Sub-Saharan African countries may become eligible where determined by the AIFM and approved by the LPs. Investments may only be made in jurisdictions for which the Fund has received a non-objection letter, in accordance with GCF requirements.

The Fund pursues its sustainable investment objective by financing three categories of renewable energy investments:

1. **Category 1:** Off-grid renewable electricity;
2. **Category 2:** Renewable energy mini-grid generation and distribution; and
3. **Category 3:** Renewable electricity for commercial and industrial applications, together with selected on-grid renewable energy installations.

The sustainable investment objective is achieved by providing medium- to long-term debt financing either (i) to local and regional FIs, which on-lend to eligible renewable energy companies or special purpose vehicles, or (ii) directly to eligible NFCs alongside one or more FIs or other eligible lenders through syndicated, parallel or other co-financing arrangements. This investment approach enables the Fund to increase the availability of long-term debt capital for renewable energy businesses while promoting the development of local financial markets.

The Fund targets sectors and markets where access to long-term debt financing remains limited despite significant demand for renewable energy investment. Many of the Target Countries continue to experience high levels of energy poverty, growing electricity demand and continued reliance on fossil fuel-based electricity generation and diesel generators. By addressing financing constraints affecting DRE businesses, the Fund seeks to facilitate the deployment of clean energy infrastructure, mobilise additional private sector investment, and support the long-term development of sustainable energy markets.

In pursuing this objective, UGEAP seeks to act catalytically alongside local and international FIs and other investors, rather than investing in isolation. By co-investing with FIs and strengthening their capacity to finance renewable energy businesses, the Fund aims to crowd in private capital, support the sustainability of investments beyond the Fund's investment period and maximise its long-term development impact. Throughout the investment lifecycle, the AIFM monitors the use of proceeds and the performance of FIs and NFCs to ensure continued alignment with the Fund's sustainable investment objective.

Investment strategy

The Fund pursues its sustainable investment objective through a private debt investment strategy focused exclusively on investments that support the deployment of distributed renewable energy across the Target Countries. Investments are restricted to the categories of Sustainable Investments described in the preceding section and are designed to increase access to clean, reliable and affordable electricity while supporting the long-term development of renewable energy markets.

The Fund's investment strategy is implemented through a number of binding investment restrictions. These include investment exclusively in eligible renewable energy activities within the Target Countries, the provision of medium- to long-term debt financing to eligible FIs and NFCs, application of the Fund's environmental and social requirements, restriction of financing to the renewable energy components of hybrid projects, and ongoing monitoring of investments against the GCF Logical Framework.

The Fund's investment strategy focuses on the following categories of eligible investments:

Category 1 – Off-grid renewable electricity

The Fund targets products and services that support the delivery of renewable electricity to households and micro- and small businesses. Current investment opportunities are expected to focus primarily on solar home systems, including battery storage, which are particularly well suited to markets characterised by limited grid access and well-developed mobile money ecosystems. The Fund anticipates that solar home systems (including storage) will represent the majority of investments within this category.

Category 2 – Renewable energy mini-grid generation and distribution

The Fund targets investments supporting the development and operation of renewable energy mini-grids supplying electricity to households, commercial businesses and industrial users. Although mini-grids may utilise a range of renewable technologies, including solar, wind and hydro, the Fund anticipates that solar technologies will comprise the majority of investments. Where hybrid systems incorporate diesel generation for reliability purposes, Fund financing will be restricted to the renewable energy components of the project.

Category 3a – Renewable electricity for commercial and industrial applications

The Fund targets renewable electricity solutions supplying commercial and industrial users that are not connected to the national or regional electricity grid. Eligible technologies include solar, wind, hydro, biomass and other proven renewable energy technologies. While certain systems may incorporate diesel generation to maintain security of supply, no Fund resources will be used to finance diesel generation capacity. The Fund anticipates that solar technologies will comprise the majority of investments within this category, whilst recognising that other renewable energy technologies may also form part of the portfolio.

Category 3b – Selected on-grid renewable energy installations

The Fund also targets selected renewable energy projects supplying electricity to national grids within the Target Countries. Eligible projects may utilise solar, wind, hydro, biomass or other proven renewable energy technologies.

The Fund implements this investment strategy by providing medium- to long-term debt financing either to FIs that on-lend to eligible renewable energy businesses and special purpose vehicles, or directly to eligible NFCs through syndicated lending structures alongside FIs.

The majority of the Fund's capital is expected to be invested through FIs. To qualify for investment, an FI must demonstrate a strategic commitment to financing investments within one or more of the eligible investment categories and must satisfy the AIFM, through the due diligence process, that it possesses the capacity, governance arrangements and operational capability to originate, monitor and manage eligible investments in accordance with the Fund's investment requirements. Throughout the investment period, the AIFM monitors the performance of the underlying portfolio financed by each FI using the sustainability indicators established under the GCF Logical Framework.

Where the Fund invests directly in an NFC, the proposed investment must fall within one of the eligible investment categories described above and satisfy all applicable investment eligibility criteria and environmental and social requirements established by the Fund.

Summary of the Fund’s policies to assess good governance practices of its investee companies

The Fund assesses all potential investees to ascertain good governance practices prior to investing, as part of its pre-investment due diligence, in addition to requiring investees to report on the implementation of good governance practices as part of its ongoing monitoring through the life of the investment. The following factors are typically assessed during pre-investment due diligence and tracked as part of the Fund’s periodic monitoring:

- Board composition and independence
- Employee relations
- Bribery, corruption and business ethics
- Governance incidents
- Accurate reporting
- Tax compliance and transparency
- Remuneration policies
- Engagement of investees and where applicable, use of TA to support investees to address limitations in good governance practices or identify remedies in case of a breach in good governance standards

Proportion of investments

UGEAP commits to invest 100% of its assets, excluding cash, cash equivalents and hedging instruments held for liquidity and risk-management purposes, in investments considered as sustainable under the SFDR (#1 Sustainable). In alignment with its sustainable investments objective as explained above, this falls into the category of the Other Environmental targets. However, this commitment excludes:

1. A minimum cash reserve to ensure the ability of the Fund to cover its operating expenses.
2. Required cash collateral in relation to hedging products.
3. Cash awaiting deployment into investments relating to (i) incoming cash due to amortisation of existing portfolio; (ii) advanced committed capital paid by an existing investor, which is either cash or invested in short term deposits; and (iii) incoming new investor subscriptions.
4. Hedging instruments entered in connection with a sustainable investment to reduce open foreign exchange or open interest rate exposures.

Cash levels can vary significantly over the lifetime of the product.

Monitoring of sustainable investment objective

UGEAP monitors the achievement of its sustainable investment objective throughout the investment lifecycle using the GCF Logical Framework, which serves as the Fund's primary impact measurement and monitoring framework. The GCF Logical Framework provides a consistent methodology for monitoring the outcomes of GCF-supported investments and links investment activities to predefined impact objectives and indicators.

In accordance with the GCF Logical Framework, UGEAP contributes to the following impact objectives:

- **M1.0:** Reduced emissions through increased low-emission energy access and power generation.
- **M6.0:** Increased number of small, medium and large low-emission power suppliers.

Achievement of the Fund's sustainable investment objective is monitored through sustainability indicators derived from these impact objectives. The AIFM collects and reviews impact data reported by FIs and NFCs throughout the investment period to assess whether investments continue to contribute to the Fund's sustainable investment objective and remain aligned with the Fund's investment strategy and eligibility criteria.

Monitoring is undertaken on an ongoing basis through periodic impact reporting by investees, together with the Fund's environmental and social monitoring processes. Reported information is reviewed by the AIFM to assess progress against the applicable GCF indicators and to identify any material deviations or issues requiring further engagement with investees. Where appropriate, the Fund may engage with investees to clarify reported information, improve data quality or monitor implementation of agreed corrective actions.

The methodologies used to calculate these indicators, together with the associated data sources and processing arrangements, are described in the following sections.

Methodologies

UGEAP measures the achievement of its sustainable investment objective using methodologies derived from the GCF Logical Framework. These methodologies have been selected to assess the environmental outcomes of the Fund's investment activities and provide a consistent approach for measuring impact across the portfolio. The methodologies are applied throughout the investment lifecycle using operational and impact data reported by FIs and NFCs.

The principal sustainability indicators and methodologies applied by the Fund are summarised below:

Indicator	Methodology
M1.0: Reduced emissions through increased low-emission energy access and power generation.	M1.1: Tonnes of CO_2e reduced or avoided. The baseline for this indicator is 0 tCO_2e. Measurement is based on the quantity of renewable electricity generated (kWh), which is converted into avoided greenhouse gas emissions using an appropriate emission factor determined according to the relevant country, technology and available data. In accordance with the GCF Logical Framework, access to clean energy is reported using gender-disaggregated data to support the measurement of gender-sensitive energy access outcomes.
M6.0: Increased number of small, medium and large low-emission power suppliers.	M6.2: Number of households and individuals (male and female) with improved access to low-emission energy sources. M6.3: MW of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support. The baseline for both indicators is zero and performance is measured using operational data reported by investees throughout the investment period.

The methodologies applied by the Fund rely on reported operational information provided by FIs and NFCs, including renewable electricity generation, installed generation capacity and the number of households and individuals benefiting from improved access to clean energy. Where appropriate, greenhouse gas emissions are calculated using recognised emissions factors that reflect the relevant country context, technology and data availability. The Fund reviews reported information for consistency and reasonableness as part of its ongoing monitoring processes. Further information on the sources, processing and limitations of the data used to apply these methodologies is provided in the following sections.

Data sources and processing

Data Sources

Data will be collected from FIs and NFCs through standardised impact reporting templates. The templates are determined by UGEAP's reporting requirements, the Fund's SEMS, as well as the logical framework established by the GCF. Reporting requirements, frequency, and KPIs will be integrated into the facility agreements of all borrowers.

- For FIs, data will be reported by the underlying sub-borrowers, aggregated by the FI on a quarterly and/or annual basis, and reported to UGEAP using the required reporting template. To ensure the availability of requisite data, UGEAP will require FIs to establish reporting requirements aligned to the Fund's data requirements and pass these on to the underlying sub-borrowers of the FI. The FI will only be required to report data to UGEAP for sub-loans made using the Fund's use of proceeds.
- For NFCs, investees will be required to report the requisite data directly to the Fund using the respective reporting template.

UGEAP will, use reasonable efforts to assess the integrity and feasibility of data reported by Investees. This will include, among other approaches, comparing annual impact reporting against ex-ante impact assessments made prior to investment, as well as benchmarking Investees against similar projects within the same country and industry contexts.

Data Processing

To support UGEAP's reporting obligations to lenders and regulators, the AIFM will use a variety of approaches to process data reported by Investees, including but not limited to an online data aggregation and processing platform and spreadsheet-based tools. Processed data is then exported and consolidated in periodic reports.

Limitations to methodologies and data

UGEAP seeks to apply its methodologies consistently across the portfolio and to use reliable, representative data to monitor the achievement of its sustainable investment objective. However, as with many investments in emerging and developing markets, certain limitations relating to data availability and quality may affect the application of the Fund's methodologies.

The Fund relies on FIs and NFCs to provide the operational and impact data necessary to calculate the sustainability indicators described in this disclosure. In some instances, the availability and granularity of information may be affected by local regulatory frameworks and market practices, or investees may not be able to provide all of the information required or may submit data containing omissions or inconsistencies. These limitations reflect, in part, the varying maturity of corporate sustainability reporting practices across the Target Countries.

As the Fund invests in emerging and developing countries outside the scope of European sustainability reporting requirements, certain data and information commonly expected under European regulatory frameworks, including SFDR and EU Taxonomy, may not always be available. Consequently, the Fund applies a proportionate and pragmatic approach to data collection that reflects local market conditions while maintaining alignment with its impact measurement and reporting requirements.

The methodologies applied by the Fund also rely on data reported by investees. Although reporting requirements are established contractually, reported information may occasionally contain errors arising from inconsistent interpretation of reporting methodologies or differing levels of technical capacity among investees. Where data anomalies or inconsistencies are identified, the AIFM reviews reported information against historical performance, comparable investments, and other available information to assess its reasonableness. Where appropriate, the Fund engages with investees to clarify reported information or requests revised submissions before incorporating the data into its analysis.

These limitations are not expected to materially affect the Fund's ability to assess the attainment of its sustainable investment objective. The Fund's sustainability indicators are based primarily on operational data collected throughout the investment lifecycle and are supported by ongoing engagement with investees, periodic monitoring, and established data quality assurance processes.

Due diligence

E&S due diligence forms an integral part of the Fund's investment process and is applied throughout the investment lifecycle to ensure that all investments are consistent with the UGEAP SEMS, the GCF E&S Policy and the Fund's sustainable investment objective. The SEMS establishes the Fund's due diligence requirements for both NFC and FI investments and provides a risk-based framework for the identification, assessment, management and monitoring of E&S risks and impacts.

As part of the investment appraisal process, the Fund undertakes an E&S review of each prospective investment to assess the investee's commitment and capacity to identify, manage and monitor E&S risks and impacts, and to determine compliance with the Fund's E&S requirements and Exclusion List. The scope and depth of due diligence are proportionate to the nature, scale and risk profile of the proposed investment.

For NFC investments, prospective investments are categorised according to their E&S risk profile (Category A, B or C), following which the applicable IFC Performance Standards are identified. Performance Standards 1 and 2 apply to all NFC investments, while Performance Standards 3 to 8 are applied where relevant to the risks and impacts associated with the investment.

For FI investments, prospective investments are categorised as FI-1, FI-2 or FI-3 in accordance with the IFC Sustainability Framework. Performance Standards 1 and 2 apply to all FI investments, with Performance Standard 3 additionally applied where relevant, including for asset finance activities such as home solar finance. Due diligence focuses on evaluating the adequacy of the FI's SEMS, governance arrangements and organisational capacity to ensure that the Fund's E&S requirements are appropriately applied to the underlying portfolio financed through UGEAP.

Based on the outcome of the E&S risk categorisation, the Fund engages suitably qualified internal and, where appropriate, external specialists to undertake a gap analysis against the applicable standards, including the IFC Performance Standards. This assessment considers, among other matters:

- compliance with the applicable IFC Performance Standards and ILO Fundamental Principles and Rights at Work;
- the adequacy of environmental and social management systems and associated management capacity;
- climate-related physical and transition risks, together with climate adaptation and mitigation measures, where relevant;
- stakeholder engagement, labour and working conditions, biodiversity, resource efficiency and other environmental and social risks, as applicable to the investment; and
- for FI investments, the suitability of the FI's SEMS and its capacity to apply the Fund's E&S requirements to the underlying renewable energy portfolio financed by UGEAP.

As part of its due diligence process, the Fund also considers the governance arrangements of prospective investees, including, where relevant and proportionate, the existence of sound management structures, employee relations, remuneration practices and tax compliance, consistent with the requirements for good governance under Article 2(17) SFDR and the EU Taxonomy Minimum Safeguards.

Where material gaps are identified, the Fund may require the development and implementation of an ESAP or other appropriate E&S instrument proportionate to the risks and impacts of the investment. ESAPs establish specific actions, responsibilities and implementation timeframes to enable compliance with the applicable requirements within a timeframe acceptable to the Fund. Where appropriate, investees may also be required to develop Climate Action Plans ("CAPs") addressing climate adaptation, mitigation and transition measures.

The findings of the E&S due diligence are documented within the proposals submitted to the Investment Committee and form part of the investment decision-making process. Following financial close, E&S performance is monitored throughout the investment period through periodic reporting, implementation of agreed ESAP actions and ongoing engagement with investees. Material E&S findings are reported through the Fund's monitoring and risk reporting processes.

Where significant E&S risks or management deficiencies are identified, the Fund may decline the proposed investment or require corrective actions as a condition of investment. In circumstances where an investee demonstrates a commitment to improvement but requires additional capacity to implement the Fund's E&S requirements, the Fund may, where appropriate, facilitate support through its Technical Assistance Facility to strengthen environmental and social management systems and promote long-term compliance.

Engagement policies

As a private debt fund, UGEAP adopts an active engagement approach with its investees throughout the investment lifecycle. The Fund does not generally exercise the level of influence associated with equity ownership but seeks to promote good environmental and social performance through ongoing dialogue, monitoring and the implementation of agreed environmental and social requirements.

Engagement activities are proportionate to the nature, scale and risk profile of each investment and may include:

- monitoring investee compliance with the Fund's E&S requirements, including implementation of agreed ESAPs and other corrective actions;
- reviewing periodic E&S and impact reports submitted by FIs and NFCs, including monitoring performance against the applicable sustainability indicators and, where relevant, the IFC Performance Standards and applicable national legislation;
- engaging with investees to clarify reported information, discuss emerging E&S risks and support continuous improvement in E&S performance;
- engaging with sponsors, co-lenders, shareholders and other relevant stakeholders, where appropriate, to support effective management of material E&S issues; and
- where appropriate, facilitating technical assistance to strengthen environmental and social management capacity and support implementation of the Fund's E&S requirements.

The nature and frequency of engagement are determined by the Fund's ongoing monitoring processes and are proportionate to the E&S risk profile and performance of each investment. Where material issues are identified, the Fund seeks to work constructively with investees to promote timely implementation of appropriate corrective actions, consistent with its rights and responsibilities as a debt investor.

Attainment of the sustainable investment objective

UGEAP does not designate an EU Climate Transition Benchmark, an EU Paris-aligned Benchmark or any other reference benchmark for the purpose of attaining its sustainable investment objective.

Instead, attainment of the sustainable investment objective is assessed using the sustainability indicators and methodologies described in this disclosure. The Fund applies the GCF Logical Framework as its primary framework for measuring and monitoring impact, supported by internationally recognised methodologies for the quantification of renewable energy generation, greenhouse gas emissions avoided and improvements in access to clean energy.

Achievement of the sustainable investment objective is monitored throughout the investment lifecycle using data reported by FIs and NFCs in accordance with the Fund's reporting requirements. Reported information is reviewed by the AIFM to assess progress against the Fund's sustainability indicators and to confirm that investments continue to satisfy the Fund's sustainable investment objective and investment eligibility criteria.

Greenhouse gas emissions reductions are assessed by comparing renewable energy generation supported by the Fund against an appropriate baseline scenario using country- and technology-specific emission factors, where applicable. Progress towards the Fund's sustainable investment objective is assessed on an ex-post basis using operational data reported throughout the investment period.

The Fund does not rely on a reference benchmark to determine whether the sustainable investment objective has been attained. Instead, attainment is demonstrated through the collective performance of the Fund's portfolio against the sustainability indicators derived from the GCF Logical Framework and through ongoing monitoring of compliance with the Fund's investment strategy, environmental and social requirements and sustainable investment criteria.