

Impact Framework

Background and Scope

Audacy Ventures Limited¹ (**Audacy**) and its affiliates are committed to catalysing the global energy transition and decarbonisation by investing in economically competitive and innovative energy technology (**Energy Tech**) companies.

Audacy believes that investing in innovative Energy Tech is not just about funding the future of energy – it is about reshaping the very fabric of the global economy to ensure a greener, more prosperous future for all. Audacy envisions a future where financial prosperity and environmental stewardship go hand-in-hand, and is committed to leading this transformation.

The need for a dramatic shift towards sustainable, low-carbon energy solutions to tackle climate change has never been more urgent. With the imperative to limit global warming to 1.5°C above pre-industrial levels by 2030², industries across the board must radically rethink and apply technology to reinvent how energy is generated, transported, stored and consumed. This presents us with a monumental challenge, and with it an unparalleled financial opportunity.

Audacy targets investments in transformative technologies across three key themes: (i) Electrification, (ii) Sustainable Fuels, and (iii) Carbon Capture, Utilisation & Storage (**CCUS**), which collectively address approximately 75% of global greenhouse gas (**GHG**) emissions³. This targeted thematic approach, combined with Audacy's deep network and expertise in energy and project finance, particularly across the Asia-Pacific (**APAC**) region, allows Audacy to identify the most pivotal and impactful innovations that would propel the transition to net-zero and a more sustainable economy.

Audacy views sustainability not only as a risk mitigation strategy, but also as a catalyst for long-term value creation, alongside positive environmental and social impacts. By making sustainability a central tenet of its investment thesis, Audacy firmly believes companies that prioritise sustainability, stakeholder engagement, and sound governance, will demonstrate better overall risk mitigation and resilience. Alongside this, they can unlock significant competitive advantages, such as improved resource efficiency, more agile crisis response, stronger brand reputation, and greater employee/customer loyalty, which in turn translates into superior long-term performance. Audacy's active portfolio management approach ensures its investment team works hand-in-hand with founders to embed such values at the core of their operations.

The dual focus on risk mitigation and value creation is core to Audacy's mission. By formulating the Impact Framework, Audacy aims to deliver best-in-class, risk-adjusted investment returns while driving positive social and environmental impact.

This Impact Framework has been adopted by Audacy and its affiliates in July 2024, and will be implemented by the relevant investment committees of the funds, including

¹ Company no. 2496837

² [The Paris Agreement](#), United Nations Climate Action

³ [An Affordable, Reliable, Competitive Path to Net Zero](#), McKinsey, Nov 2023.

Audacy Energy Tech Ventures L.P. (the **Fund**) managed by Audacy at the date of this disclosure.

Alignment with Regulatory Frameworks for The Fund

a) Sustainable Finance Disclosure Regulation

EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**) introduced regulatory obligations for financial market participants, to increase the transparency of financial products and actors with regards to sustainability.

Whilst the Fund is not subject to the SFDR, the Fund has sustainable investment as its objective, promoting environmental characteristics through its Energy Tech investments.

b) HK SFC Climate Risk Disclosures

Fund managers of collective investment schemes under the regulation of the Securities and Futures Commission of Hong Kong (**SFC**) are required to take climate-related risks into consideration in its investment and risk management processes and make appropriate disclosures to investors regularly. Since the Fund invests in Energy Tech solutions that aim to tackle climate change, Audacy is of the view that climate-related risks are relevant but overall may not be material to the Fund. As such, Audacy is only required to meet all baseline requirements of the SFC relating to governance, investment management, risk management, and disclosure of climate-related risks.

Audacy considers climate-related risks to be relevant to the Fund. The target investments of the Fund are predominantly hardware/asset-driven clean energy technologies. Depending on the geographical locations such technologies are installed, they may be subject to certain physical⁴ risks. Transition⁵ risks may also pose either a risk and/or opportunity for the Fund's portfolio companies depending on the jurisdictions they operate in, the nature of their technology solution and how their management team manages such transition risks.

Despite the relevance of climate-related risks, Audacy deems such risks to be not material to the Fund on the basis that the Fund's investment strategy focuses on Energy Tech solutions that aim to mitigate climate risks and take advantage of climate-related opportunities. Audacy has however built in processes, as described below and in the Compliance Manual, to assess the materiality of climate-related risks to each of its portfolio companies during the investment process, and make sure that any material climate-related risks are suitably managed by the management team of the portfolio companies.

⁴ Physical risks are either acute (e.g. droughts, floods, extreme precipitation, wildfires, etc.) or chronic (rising temperatures, expansion of tropical pests and diseases into temperature zones, an accelerating loss of biodiversity, etc.)

⁵ Transition risks are business-related risks that follow societal and economic shifts toward a low-carbon and more climate-friendly future. These include policy and regulatory risks, technological risks, market risks, reputational risks, and legal risks.

Going forward, Audacy intends to periodically evaluate the relevance and materiality of climate-related risks at both the portfolio company level and the consolidated fund level, as the Fund gradually builds up its portfolio.

Alignment with Global Sustainability Principles

Whilst the Fund is not specifically marketed as an ESG Fund as defined by the SFC, Audacy seeks to align with the United Nations (UN) Principles for Responsible Investment (PRI)⁶ as a framework to support the following Sustainable Development Goals (SDGs) through Audacy’s investments:



a) Key Principles under the UN PRI:

- i. We will incorporate ESG issues into investment analysis and decision-making processes.
- ii. We will be active owners and incorporate ESG issues into our ownership policies and practices.
- iii. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- iv. We will promote acceptance and implementation of the principles within the investment industry.
- v. We will work together to enhance our effectiveness in implementing the principles.
- vi. We will report on our activities and progress towards implementing the principles.

b) Key UN SDGs relevant to Audacy’s investments:


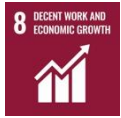



SUSTAINABLE DEVELOPMENT GOALS

Audacy portfolio example:

	<p>Audacy will invest in energy technology solutions that may contribute to greater food security, improved nutrition or promotes sustainable agriculture.</p>	<p>NovoNutrients utilises a proprietary gas fermentation technology to convert industrial CO₂ emissions into carbon-negative proteins for animal feed & additives, at a lower cost, higher quality, and with greater sustainability.</p>
	<p>Audacy will invest in energy technology solutions that contribute to pollution mitigation as one of its</p>	<p>Hyzon Motors’ hydrogen fuel cell electric vehicles do not emit any CO, NO_x or particulate matter.</p>

⁶ [UN PRI](#)

environmental benefits to create a cleaner environment for living beings to lead healthy lives.

	<p>Audacy will invest in energy technology solutions that may enable renewable energy to become the primary form of energy consumed globally, as well as more accessible and reliable.</p>	<p>Moment Energy repurposes retired electric vehicle batteries into battery energy storage systems (BESS) that extend battery lifespan by over 7 years at 50% lower cost than new BESS.</p>
	<p>Audacy will invest in energy technology solutions that may contribute to the creation of job opportunities.</p>	<p>Jet Zero Australia’s project in Queensland that converts agricultural waste into sustainable aviation fuel is expected to create 1,000 construction and 100 refinery jobs locally.</p>
	<p>Audacy will invest in energy technology solutions that may form part of the infrastructure required for a low-carbon economy and/or contribute to sustainable industrialisation and foster innovation.</p>	<p>GenH2 develops advanced hydrogen liquefaction technology that substantially eliminates loss of hydrogen during tanker transfer, storage, and dispensing (which can exceed 20% per transfer in conventional cryogenic storage systems).</p>
	<p>Audacy will invest in energy technology solutions that may promote a circular economy.</p>	<p>BugEra genetically modifies Black Soldier Fly larvae fat content for various end uses including sustainable fuels, which promotes a circular economy by converting local biowaste into bioproducts.</p>
	<p>Audacy will invest in energy technology solutions that may contribute to decarbonisation and tackle climate change.</p>	<p>Cool Planet Technologies utilises low-cost membranes to capture CO₂ from industrial emissions.</p> <p>44.01 removes CO₂ permanently through mineralisation in peridotite formations.</p>

Theory of Change

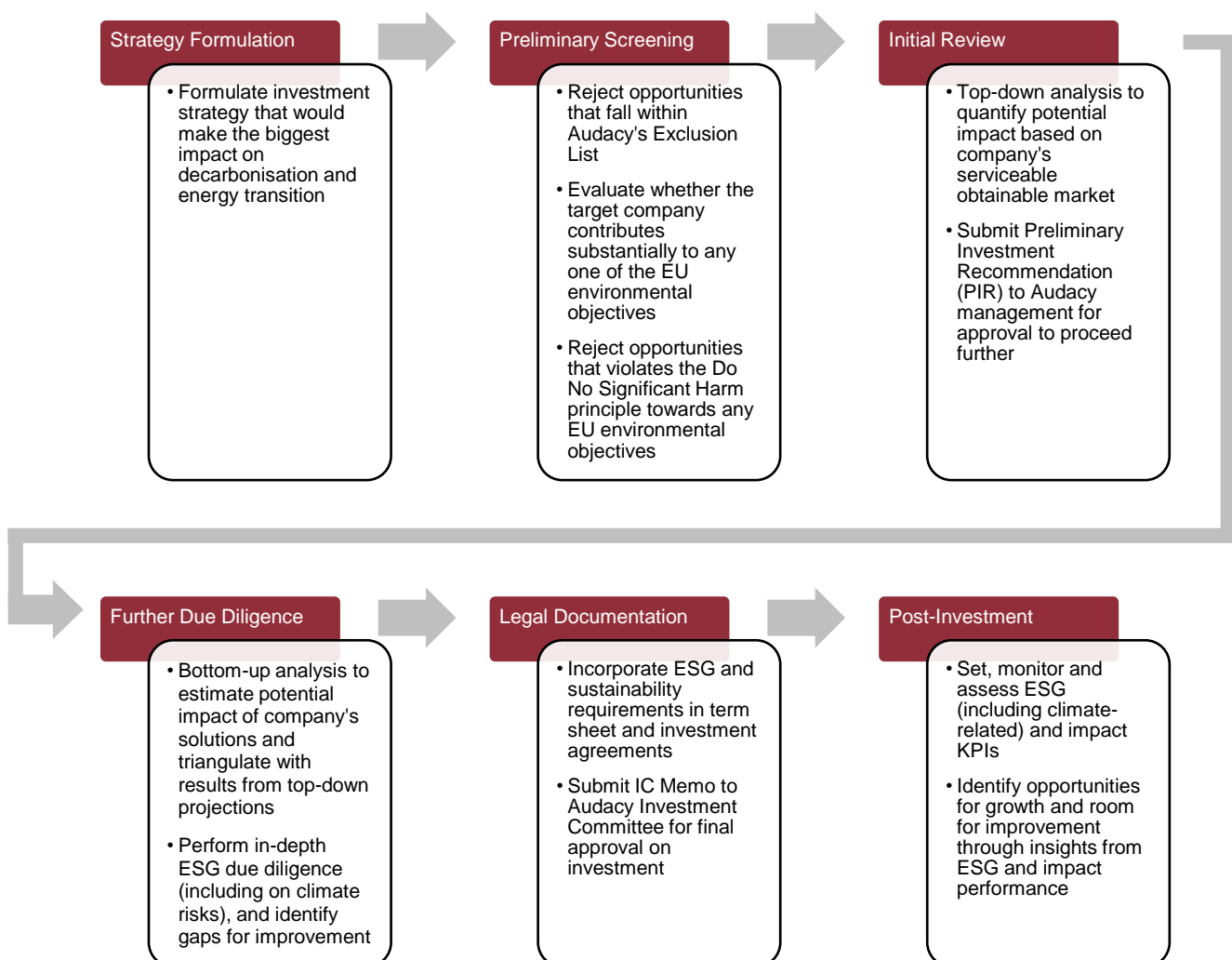
Audacy strives to leverage its expertise and network in the financial and energy sector to invest in the most pivotal and impactful innovations that would propel the transition to net-zero and a more environmentally and socially sustainable economy.

Inputs <i>Our resources provided</i>	Activities <i>The actions we take</i>	Outputs <i>The change we want to see</i>	Outcomes <i>Measurable benefits</i>	Impacts <i>The long term goals to achieve</i>
<ul style="list-style-type: none"> • Audacy’s value-add, long term capital in transformational companies within the Energy Tech space • Energy sector investment and technical expertise to support the portfolio companies’ growth and vision for driving decarbonisation • Audacy’s financial, industry, impact, and scientific networks and connections 	<ul style="list-style-type: none"> • Finance the growth of Energy Tech companies • Encourage and support portfolio companies in setting and implementing sustainability policies and targets for key impact metrics Audacy has defined, and monitor their implementation progress • Provide strategic guidance to portfolio companies on structuring for capital markets • Connect portfolio companies to value chain partners, customers and investors • Factor in diversity, equity, and inclusion (DEI) principles in Audacy’s recruitment 	<ul style="list-style-type: none"> • Financial and impact-driven returns of companies building technologies driving the energy transition and decarbonisation • A diverse Audacy team • Diversity in portfolio companies • Adoption of portfolio companies’ technologies and solutions addressing various pathways towards net-zero across energy-related sectors that are responsible for a collective ~75% of GHG emissions • Industry and behavioural shifts to sustainable paradigms • Increased investment into the broader Climate Tech space 	<ul style="list-style-type: none"> • Financial & economic growth of the Climate Tech space, taking the world to net-zero • Positive environmental impact: <ul style="list-style-type: none"> ➢ CO₂e avoided, reduced, captured and/or upcycled; ➢ Resources saved or re-used (i.e. land, water, etc.); ➢ Air pollution reduced; ➢ Cleaner air & water, and increased climate resilience • Positive social impact <ul style="list-style-type: none"> ➢ Enhanced equality, equity and inclusion ➢ Enhanced food security ➢ Job creation ➢ Individuals benefitting from improved ecological 	<ul style="list-style-type: none"> • Climate change mitigation and adaptation • More circular economy systems • Ecosystem conservation • Improved social resilience & balance • Economic betterment & growth • UN SDGs

	<ul style="list-style-type: none"> Encourage portfolio companies to factor in DEI principles in its recruitment processes and organisational culture building 		<p>services E.g. better health resulting from cleaner air and water</p>	
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ESG and Impact Evaluation

Audacy incorporates ESG and impact evaluation throughout its investment cycle:



a) Strategy Formulation

Audacy has formulated its investment strategy to invest in Energy Tech solutions that would make the biggest impact on decarbonisation and energy transition. Audacy's three key investment themes, namely Electrification, Sustainable Fuels, and Carbon Capture, Utilisation & Storage, target sectors that are responsible for approximately 75% of global GHG emissions.

b) Preliminary Screening

In the initial investment screening stage, Audacy will only proceed with opportunities that fulfil the following criteria:

- i. The opportunity does not fall under any of the following industries and sectors on the Exclusion List:
 - Gambling
 - Pornography
 - Weapons
 - Alcohol beverages
 - Tobacco
- ii. The opportunity contributes substantially to any one of the six environmental objectives under the EU Taxonomy
- iii. The opportunity does not violate the Do No Significant Harm principle towards any of the environmental objectives under the EU Taxonomy

The thresholds Audacy uses to determine Do No Significant Harm and substantial contribution to the environmental objectives will align with the EU Taxonomy.

c) Initial Review

Audacy employs a top-down approach to quantify the potential environmental and/or social impact that the target company's technology can achieve if deployed at scale, based on impact that the technology can bring (e.g. potential of carbon avoidance, reduction or sequestration, job creation, etc.; one-off or recurring) per unit, policies and regulations conducive to diffusion of the technology, rate of technology diffusion, market growth rate, competing innovations, and the size of the product's serviceable obtainable market (units per year).

For GHG, the per unit impact is often based on life cycle analysis provided by the target company, and further validated through literature review by Audacy's internal team and/or external experts engaged by Audacy.

d) Further Due Diligence

Triangulating against the potential impact calculated in the Initial Review, Audacy then performs a bottom-up analysis on the target company's planned impact,

based on a realistic commercial forecast of the number of units deployed and per unit impact.

In addition, Audacy performs in-depth diligence on the following ESG factors that could potentially cause a material negative impact on the value of the investment:

- i. The climate risk exposure of the target company, and environmental benefits generated by the technology or product that the target company aims to deliver, including but not limited to potential GHG emissions reduction;
- ii. The material social aspects of the business activities of the target company and its social policies such as employee human rights, diversity, satisfaction, and health and safety, and impacts on affected communities; and
- iii. The governance practices of the target company, including sustainability governance, corporate governance KPIs, management diversity, and data management.

Audacy requires target companies to fill in an extensive ESG questionnaire developed based on the European Sustainability Reporting Standards (**ESRS**) in order for Audacy to assess the ESG risks and potential impacts of the target company. In addition, Audacy scrutinises potential financially material ESG risks to identify areas of improvement for engagement with the target companies and seek to mitigate such risks through prudent measures.

e) Legal Documentation

Audacy embeds sustainability clauses into the term sheet and investment agreements where appropriate, to ensure that the target company commits to integrate a climate policy and sustainability best practices into their day-to-day business.

f) Post-Investment

Audacy proactively adds value to portfolio companies, from business development to promotion and implementation of ESG best practices, through regular dialogues with companies, board meetings and shareholder voting.

Audacy regularly monitors and assesses the environmental footprint and impact (including climate risk exposure), social policies and governance practices of its portfolio companies, and encourages them to incorporate responsible practices. Audacy intends to assist portfolio companies in setting, monitoring and assessing ESG and impact KPIs (including in connection with the management of climate risks), and identifying opportunities for growth and room for improvement through insights from their ESG and impact performance. Audacy intends to gather data on the principal adverse sustainability impacts (**PAIs**) at least on an annual basis to identify areas of improvement for engagement with the portfolio companies.

Some examples of the ESG and impact KPIs we intend to use for portfolio companies include:

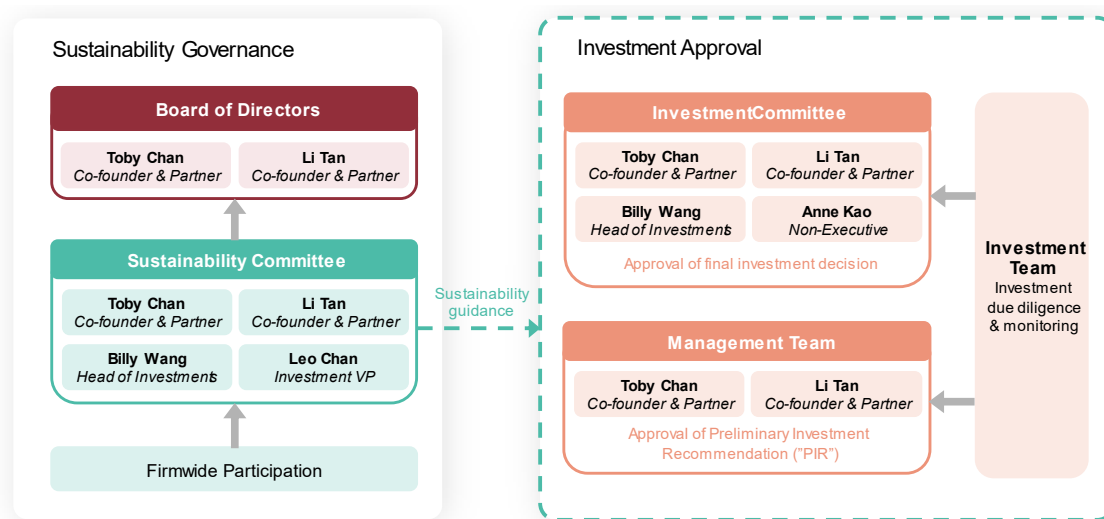
Item	Weight	E/S/G
GHG emissions reduction, and/or other environmental-specific metrics e.g. whether the management team is adequately managing the climate risks that are relevant to the company's business	70%	E
Staff turnover	10%	S
Health and safety	5%	S
Diversity ⁷ in the company	5%	S
Diversity in the management	5%	G
Diversity in the supervisory board	5%	G

Sample quantitative impact metrics include GHG reduced, avoided, or sequestered, the amount of land and/or water use reduced, jobs created, etc.; qualitative metrics include enhanced system resiliency and security around supply chain, energy and food.

At the Fund level, Audacy will report annually on the consolidated ESG and impact performance of its portfolio companies based on the Regulatory Technical Standards (**RTS**) under the SFDR.

⁷ Diversity includes but is not limited to gender, ethnicity, nationality, sexual orientation and disability.

Governance



a) Board-level Roles and Responsibilities

Audacy's board of directors (the **Board**) assumes the ultimate governance responsibility for overseeing the management of ESG and sustainability topics (including climate-related issues) relating to the Fund and the implementation of this Impact Framework. The Board is responsible for determining Audacy's climate-related risk requirements, which is further documented within Audacy's Compliance Manual. The Board has incorporated processes for the consideration of climate-related risks and opportunities relating to the Fund in this Impact Framework, which forms part of Audacy's investment and risk management processes.

The Board will appoint key personnel at Audacy as Sustainability Committee members that will be responsible for assessing the relevance and materiality of climate-related risks to the Fund, as well as how to integrate ESG and sustainability considerations in the investment and risk management processes. The Board appoints the Sustainability Committee as the governing committee to implement the Impact Framework.

The Board's goals are for Audacy to:

- (i) Comply with the SFC's climate-related risk requirements and ensure that where necessary, climate-related risks are being considered in respect of Audacy's fund management activities;
- (ii) Comply with any other regulatory requirements that Audacy or the Fund are subject to with respect to ESG and sustainability; and
- (iii) Implement Audacy's ESG and sustainability objectives throughout Audacy's investment and risk management processes as outlined in the Compliance Manual and Impact Framework.

On an annual basis at a minimum, the Board will:

- (i) Review progress against the aforementioned goals and provide feedback to Audacy's senior management with regards to its findings;
- (ii) Assess Audacy's existing Impact Framework and climate-related risk policies and procedures (including whether they can adequately deliver on Audacy's impact objectives, and the effectiveness of their implementation), as well as any assessments that have been made with regards to the relevance and materiality of climate-related risks to the Fund; and
- (iii) Assess and approve sustainability-related (including climate-related) disclosures made by Audacy to investors.

The Board shall be regularly kept apprised of matters relating to the implementation of this Impact Framework by the Sustainability Committee through board meetings held on an annual basis.

b) Management-level Roles and Responsibilities

The Sustainability Committee is responsible for the implementation of this Impact Framework, as well as assessing the relevance and materiality of climate-related risks to the Fund and incorporating relevant considerations in Audacy's investment and risk management processes on an ongoing basis.

The Sustainability Committee, currently comprised of Audacy's Co-founders, Head of Investments, and Investment VP, shall report the progress of managing climate-related risks to the Board on an annual basis, as well as where required (e.g. where there is a material change to the way Audacy manages climate-related risks). The Sustainability Committee shall manage climate-related risks with the support of other employees as necessary.

The Sustainability Committee shall keep abreast of any relevant climate-related developments within the industry, which includes attending events, seminars, and reading publicly available reports and materials from reputable and trustworthy sources (e.g. the IPCC and the IEA).

The Sustainability Committee shall be responsible for ensuring the Compliance Manual and Impact Framework remain up-to-date and in line with any climate-related risk and other ESG and sustainability regulatory requirements. The Sustainability Committee shall also provide guidance where necessary on ESG and sustainability topics to the Audacy's Investment Team with respect to investment due diligence and portfolio monitoring, to Audacy's Management Team with respect to the approval of the PIR, and to the Fund's Investment Committee with respect to the approval of the final investment. In addition, the Sustainability Committee shall provide training to employees with regards to Audacy's stance on climate-related risks and other ESG and sustainability topics on at least an annual basis. Employees are required to review the Compliance Manual and Impact Framework on an ongoing basis and upon any updates, which includes policies relating to the management of climate-related risks.

Impact Reporting

Audacy intends to report on the impact outcomes of the Fund's activities to investors via newsletters, reports, its website, face-to-face meetings, due diligence questionnaires, and/or within the Fund's constitutional documents at least on an annual basis.

Climate-related risk disclosures shall be made at the entity level, as the governance structures and processes adopted by Audacy are the same for each of Audacy's funds. The Sustainability Committee shall review Audacy's climate-related risk disclosures at least annually, as well as update disclosures where there have been material changes to climate-related risk matters in respect of Audacy and/or the Fund, and report to the Board accordingly.