Disclosure Statement
Operating Principles for Impact Management

July 23, 2021

Cordiant is an institutional asset manager investing in global infrastructure and real assets strategies (both private equity and private debt) with a middle market growth capital orientation. Cordiant manages funds with committed capital of approximately USD 2.9 billion. The firm is a sector-led investor with a specific focus on digital infrastructure, renewable energy infrastructure, agriculture and transportation infrastructure. Headquartered in Montreal, Cordiant has offices in London, São Paulo and Luxembourg.

The firm is a founding signatory of the Operating Principles for Impact Management ("the Impact Principles"). This disclosure statement serves to fulfil Cordiant's obligations pursuant to Principle 9 (to publicly disclose alignment with the 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") which combined represent USD 565 million in committed capital as of June 30, 2021, as well as Cordiant Digital Infrastructure Limited ("CDIL"), a private equity fund and a listed vehicle with a total of ~USD 840 million of capital.

CDIL's investment process is designed to align with the spirit and intent of the Impact Principles. As a private debt vehicle, Fund VII lacks the same level of influence on company operations that private equity ownership provides. Cordiant nonetheless uses its position as lender to actively engage with borrowers to (i) foster a greater understanding of and alignment with ESG best practices and (ii) promote positive and sustainable Impact that contributes to the achievement of targeted UN SDGs.

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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, economic, or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible expectation of achieving the impact objectives through the investment strategy; and that the magnitude (scale and/or intensity) of the expected portfolio impact is proportionate to the size of the investment portfolio.

An early signatory of the UN PRI and a founding signatory of the Impact Principles, Cordiant has demonstrated a longstanding commitment to the integration of both ESG (environmental, social and governance) and Impact analysis into its investment processes. Cordiant views ESG analysis as an important tool in managing risk (financial, reputational and ecological) as well as uncovering opportunities, and Impact analysis as a means of identifying well-run, responsible and sustainable companies.
In 2017-2018 the firm undertook a strategic re-orientation to focus on four sectors that both offer superior investing potential whilst aligning with our impact strategy: digital infrastructure, agriculture, renewable energy infrastructure and transportation infrastructure.

Our clients hire Cordiant with the primary goal of meeting or exceeding targeted risk-adjusted investment returns. Experience has shown us that this can be combined with investments that, in undergirding our Impact objectives, reduce portfolio risk and contribute to the UN SDGs and support the broader health of the global community. Moreover, Cordiant is focused on inherently impactful sectors where investing activities support specific SDGs. In these sectors, private market investments both support positive impacts simply through the responsible application of capital whilst also offering additional scope to generate operating improvements with societal benefits (for example, reducing the intensity of electricity consumption at a data centre or boosting agricultural productivity in an ecologically sensible manner).

UN SDG	2 ZERO HUNGER	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	15 LIFE ON LAND
Digital Infrastructure			✓	✓	✓	✓	✓
Agriculture	✓	✓	✓	✓	✓	✓	✓
Renewable Infrastructure		✓	✓	✓	✓	✓	✓
Transport Infrastructure			✓	✓	✓	✓	✓

Particular additional impact can be secured in the following areas:

- Digital infrastructure: SDGs 9, 11 and 13
- Agriculture: SDG 13
- Renewable Infrastructure: SDGs 7 and 13
- Transport Infrastructure: SDG 13

As noted above, the scope for driving Impact is more substantial in private equity than private debt. Notwithstanding this, Cordiant seeks to generate positive outcomes with each investment.

Cordiant's Responsible Investment Policy is a living document that continues to be honed and refined. The framework of the policy reflects the firm's values and aims to provide a clear and standards-based means of assessing ESG risks and opportunities and generating Impact benefits. This analysis is incorporated in the pre-investment decision-making process and ESG and Impact outcomes are monitored throughout the life of an investment.

Principle 2 – Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement at the portfolio level. The objective of the process is to establish and monitor expected 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.

Private capital investments, by their nature, lend themselves to company-specific models of Impact.

Cordiant seeks to apply various Impact themes at a portfolio-wide level (for example, reducing the intensity of electricity consumption by the digital economy whilst also seeking to embed a greater proportion of renewable energy sources into the sector's power mix). As portfolios grow and mature, company-level data can be aggregated at the portfolio level.

Compensation at Cordiant is tied to measures of performance that include supporting the firm's Impact objectives.

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.

Cordiant has established a series of Impact themes for each sector of investment focus. Seeking to generate Impact benefits in these themes allows for growing expertise and the cross-pollination of expertise between portfolio companies (for example, sharing the positive environmental and financial experience of drip-feed irrigation at one farm with another). 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's investments are generally long-term in nature (extending over several years). Continual engagement with investee companies at the senior management level–both during pre-investment due diligence and post-investment monitoring–ensure that Cordiant has a clear understanding of potential ESG risks and non-financial impact outcomes. Cordiant's investment team is composed of individuals with deep sector knowledge and operational experience capable of conveying best practices to investee companies. Cordiant is actively engaged with all its investee companies and takes this stewardship role very seriously.

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 differing 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 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 international best practice conventions.

Cordiant ties its theory of Impact to specific industry themes and then seeks to generate ~~a~~ positive outcomes) through control (private equity) or influence (private debt). In addition to initially establishing a focus on specific SDG goals and targets, as well as establishing sector-based development impact metrics that allow for an in-depth industry and firm level understanding of development impact, Cordiant is considering incorporating the Impact Management Project's five dimensions of impact to further create a systematic approach to overall impact measurement and management.

Principle 5 – Assess, address, monitor and manage potential negative impacts of each investment.

For each investment, the Manager shall seek, as part of a systemic 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 practices. 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's Responsible Investment Policy includes an Exclusion List comprised of investments that run counter to the firm's investment values. For instance, Cordiant will not invest in companies that: engage in forced or child labour; contribute to the destruction of high conservation value areas; are highly exposed to coal or coal-generate electricity; etc. These "thou shalt not" criteria serves as Cordiant's first level of screening when considering a potential investment.

During the due diligence stage of investment analysis, ESG risks are identified and assigned a risk rating of low, medium or high. Possible mitigants are also considered in order to reduce the risk level, if necessary. Also considered is an investee's willingness to address potential issues and their ability to reinforce their systems. This analysis is incorporated into investment memoranda presented to the relevant Investment Committee.

Cordiant is committed to engaging with investees throughout the lifetime of an investment to help them strengthen their internal policies and procedures.

Principle 6 – Monitoring 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.

Cordiant's focus sectors each come with certain nuances relevant to the analysis and monitoring of positive Impact. As such, Cordiant adopts a tailored approach that relates to the specific impact themes being pursued in each sector. It is Cordiant's intention to identify and, as much as possible, arrest deviation from pre-established Impact goals.

Both CDIL and Fund VII are young funds. Time, therefore, is required for measurement and evaluation at both the individual company and portfolio level to be material.

Principle 7 – Conduct exits considering the effect on sustained impact.

When conducting the 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.

Cordiant will consider Impact matters when structuring private equity exits. The firm will consider the attributes (including impact policies) of the buyer, their track record (reputational analysis) and their stated intentions. Cordiant recognizes that companies consist of a community of stakeholders (including management, employees and the broader community) and will be mindful of impacts on these in any divestiture process.

Debt funds have inherently less influence over a company than equity funds. Given that most loans can generally be prepaid, the point of influence is at the front end of the investment. As such, we seek to ensure that our sought-for impacts and, if appropriate, milestones and timelines, are agreed up front by including them in the loan documentation.

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.

Cordiant analyses Impact as part of the investment analysis process and integrates Impact into ongoing monitoring processes. We are establishing sector strategy committees comprised of senior management, investment professionals and members of the ESG/Impact team who will meet to discuss these and other issues and share findings on a regular basis. As a smaller firm, we use periodic meetings between the Impact team and the relevant Investment teams to disseminate best practice.

Principle 9 – Publicly disclose alignment with the Principles and provide regular independent verification of the alignment.

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

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 independent verifications every two years with the next one occurring during Q4 2022.