

Disclosure Statement 2020

Operating Principles for Impact Management

The Operating Principles for Impact Management, “the Principles”, was launched in April 2019, to provide a framework to investors for the design and implementation of their impact management strategy, ensuring that impact considerations are integrated throughout the investment lifecycle.

Trill Impact is an independent impact investment advisory firm. Trill Impact AB signed the Principles in February 2020. We believe that Trill Impact is aligned with the Principles since impact is embedded into its strategy from inception. Trill Impact aims to create a measurable, positive impact, and contribute to achieving the Sustainable Development Goals, while generating attractive financial returns.

This Disclosure Statement affirms that Trill Impact has the policies and procedures in place to manage impact investments in accordance with the Principles. Covered assets are USD \$0.

This Disclosure Statement applies to Trill Impact and is covering the reporting period from 01 January 2020 to 31 December 2020.

Trill Impact AB

09 March 2021

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 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.

- Trill Impact aspires to make a lasting positive contribution to people, society and the planet. According to Trill Impact's strategy, each portfolio company must actively advance at least one of the UN's seventeen Sustainable Development Goals ("SDGs").
- Trill Impact has standardized criteria to assess both impact and ESG considerations referencing industry standards. The assessment is conducted from initial screening and due diligence and execution to establish a credible impact thesis (i.e., alignment of impact objectives and investment case, and that the scale/depth of impact is material).
- Trill Impact's assessment, conclusions, and recommendations are included in its internal investment Advisory Committee materials, discussion, and decision. The investment Advisory Committee includes Trill Impact's Impact Partner.
- Impact and ESG objectives and measurement of related KPIs are agreed with management of portfolio companies prior to closing. Required actions are integrated into a value creation plan.
- Post-closing, impact, and ESG management, measurement, and reporting are part of the portfolio management process.

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.

- Trill Impact policies and processes to manage impact are applied throughout the entire portfolio, and all companies are expected to comply with the Trill Impact's Impact Investment and Ownership policy.
- Each portfolio company is classified according to the Impact Management Project, IMP. While impact measurements vary across individual investments, certain ESG measurements are aggregated across the entire portfolio.
- Trill Impact investment advisory professionals oversee operations, business activities, and performance against financial and impact targets through participation in each company's Boards.
- Trill Impact staff and portfolio company management are incentivized based on the company's ESG and impact performance.
- Impact performance is measured, monitored, and reported at the investee company and portfolio level to investors on a quarterly basis and annually in Trill Impact's Annual Impact Report.

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.

- Trill Impact's Investment Advisory Committee documentation includes an assessment to establish a credible, evidence-based impact thesis, using the Impact Management Project's five dimensions of impact. As part of this assessment, Trill Impact's "Contribution" to the achievement of impact is defined, in addition to the Company "Contribution."
- Trill Impact's contribution can take different forms including:
 - Mission-driven investment advisory professionals and portfolio company board members
 - Active engagement with the Board and Management to signal that impact matters
 - Value creation plan contributing to the achievement of impact
 - Impact KPIs and targets aligned with management remuneration and financing arrangements
 - Industrial and impact experts to support portfolio companies in achieving their impact objectives

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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- Trill Impact uses a systematic approach to assess and quantify the current and expected impact of each investment. The approach includes a screening tree, used to score each targeted investment according to the Impact Management Project's five dimensions of impact (including "impact risk") and, where possible, using standardized metrics (e.g. IRIS+) that contribute to locally/nationally relevant SDG targets. In addition, the expected status is classified, and activities required to increase the impact are defined.
 - The systematic assessment of the current and expected impact classification results in an overall "impact potential" score and is a standard part of the Investment Advisory Committee documentation, discussion, and decision.

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.

- Trill Impact is a signatory to the Principles for Responsible Investment (PRI) and believes that environmental, social, and corporate governance (ESG) issues can affect investment portfolios' performance.
- Trill Impact has a systematic approach to assess, address, monitor, and manage potential negative impacts of each investment. An ESG assessment is conducted for all investments during the initial screening and due diligence phase using industry frameworks such as the UN Global Compact principles and Sustainability Accounting Standards Board (SASB) industry standards.
- The assessment identifies any gaps with good industry practice and key ESG and impact objectives and related KPIs to mitigate potential negative impacts of each investment are agreed with the management of portfolio companies prior to closing.
- The assessment, conclusion, and recommendations form a standard part of the Investment Advisory Committee documentation, discussion, and decision.
- Post-closing, ESG and impact management, measurement, and reporting is part of the portfolio management 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.

- Trill Impact collects impact and ESG quantitative and qualitative information from the portfolio companies quarterly and reports to the board of directors, Trill Impact, and investors.
- Trill Impact monitors each investee company's progress in achieving impact against agreed KPIs and targets in portfolio company reviews.
- If a portfolio company falls short of meeting impact targets, remedial actions would be addressed with portfolio company management.

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.

- Trill Impact has not had any exits to date, still Trill Impact has a developed approach to consider impact implications at exit. Trill Impact will measure and report impact outcomes together with contextual data at exit.
- Trill Impact targets investments where impact and commercial aspects are tightly integrated, which is expected to increase the likelihood of impact continuity after exit.

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.

- Trill Impact regularly assesses and benchmarks against industry best practices, where identified gaps and lessons learned are considered in the continuous development of Trill Impact's investment strategy, processes and decisions.

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.

- This Disclosure Statement will be updated and published annually in compliance with the Principles.
- Trill Impact expects to complete and publish a third-party verification of our activity and accomplishments every 1-2 years from 2022.

The information contained in this Disclosure Statement has not been verified or endorsed by International Finance Corporation, the World Bank or any member of the World Bank Group or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of International Finance Corporation, the World Bank or any member of the World Bank Group. None of International Finance Corporation, the World Bank or any member of the World Bank Group shall be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.