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# TINC Sustainable Finance Framework

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# About TINC

TINC invests in companies that realise and operate infrastructure. TINC aims to create sustainable value by investing in the infrastructure for the world of tomorrow.

TINC’s investment activity is inspired by a number of significant societal trends. This includes the ambition to realise new and improved public infrastructure, the transition to a low-carbon society, the ongoing digitisation of society, and the growing focus on care and wellbeing. For TINC, these developments provide the framework for impactful investments in four focus areas: public infrastructure, energy infrastructure, digital infrastructure, and selective real estate.

## TINC’s Sustainability Strategy

In designing its sustainability strategy and roadmap, TINC has reviewed its activities and identified the main ESG focus areas that apply to the investment activity and functioning of TINC .

<b>Environmental</b>	<ul style="list-style-type: none"><li>● GHG emissions</li><li>● Energy &amp; resource management</li><li>● Climate risk &amp; opportunities</li></ul>
<b>Social</b>	<ul style="list-style-type: none"><li>● Well-being of employees &amp; Safety</li></ul>
<b>Governance</b>	<ul style="list-style-type: none"><li>● Corporate Governance</li><li>● Risk Management</li><li>● Supply chain management</li></ul>

TINC aims to develop policies, action plans and key performance indicators to foster and support the ESG focus areas throughout its activities.

### Alignment with UN Sustainable Development Goals

When analyzing investments in potential participations, TINC pays attention to the extent to which the activities of those participations contribute or could contribute to one or more of the UN Sustainable Development Goals.

# Sustainable Finance Framework

## Rationale for Sustainable Financing

In executing its mission TINC wants to invest in portfolio companies that create economic growth while at the same time reducing pressures on the environment and taking into account social and governance aspects. In raising the financial means to fund its investments, TINC wants to commit to apply this funding towards investments in participations that reflect the transition to a low-carbon, more resource-efficient and sustainable economy. In doing so, TINC contributes to the achievement of the UN Sustainable Development Goals.

## Basis of this Framework

This Sustainable Finance Framework is established as an overarching platform under which TINC intends to issue Green, Social or Sustainability Finance Instruments, which may include bonds (including private placements), commercial paper, loans, promissory notes (Schuldscheindarlehen) and any other Sustainable Finance Instruments in various formats and currencies, to finance and/or refinance sustainability projects.

TINC's Sustainable Finance Framework ("the Framework") is aligned with the International Capital Markets Association ("ICMA") Green Bond Principles ("GBP") 2021 version, Social Bond Principles ("SBP") 2021 version, Sustainability Bond Guidelines ("SBG") 2021 version, and Loan Market Association ("LMA") Green Loan Principles ("GLP") 2021 version and Social Loan Principles ("SLP") 2021 version. These voluntary process guidelines are developed in multi-stakeholder processes involving issuers, investors, financial institutions and NGOs, with a view to promoting the development and integrity of Green, Social or Sustainability Finance Instruments.

TINC's Sustainable Finance Framework has four core components:

- 1 Use of Proceeds
- 2 Process for Project Evaluation and Selection
- 3 Management of Proceeds
- 4 Reporting

This Sustainable Finance Framework also follows the recommendation of the Green Bond Principles, the Social Bond Principles, Sustainability Bond Guidelines, the Green Loan Principles and the Social Loan Principles regarding External Review.

This Framework and the four components outlined above will apply to any Green, Social or Sustainability Finance Instrument issued by TINC and will be in force as long as any such instrument is outstanding.













As the sustainable finance market continues to evolve, the Framework may be subsequently revised or updated to remain consistent with shifting market expectations, best market practices and the regulatory landscape.





### 1 Use of Proceeds

The proceeds of Green, Social or Sustainability Finance Instruments issued by TINC will be used to finance and/or refinance, in whole or in part, new or existing green and/or social participations and

projects (“Eligible Sustainable Investments”) from any of the categories below, together forming the “Eligible Sustainable Investment Portfolio”.

The Eligible Sustainable Investment Portfolio may consist of investments at fair value. Asset values qualify for refinancing without a specific look-back period.

ICMA / LMA CATEGORY	Eligible Sustainable Investments	Contribution to UN SDG
<b>GREEN INVESTMENTS</b>		
<b>Renewable Energy</b>	<p>Production or distribution of energy stemming from natural sources or processes that are constantly replenished, such as</p> <ul style="list-style-type: none"> <li>• Offshore and onshore wind projects</li> <li>• Solar photovoltaic power</li> <li>• Hydrogen projects</li> <li>• Geothermal energy projects</li> </ul>	   
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Energy storage efficiency projects from renewable energy sources</li> <li>• District heating, leveraging on renewable energy</li> <li>• Smart grid projects: investments in development, construction, installation and maintenance of transmission or distribution networks projects with the purpose of connecting renewable sources, improving efficiency, enabling demand side response, decreasing losses or extending access to electricity</li> <li>• Enhancement of basic ICT Infrastructure (e.g. data centers), aligned with EU Taxonomy activity 8.1</li> </ul>	   
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Public land transport or clean transportation infrastructure such as: <ul style="list-style-type: none"> <li>○ Rail Infrastructure</li> <li>○ Infrastructure for clean energy vehicles</li> </ul> </li> </ul>	 
<b>Green Buildings</b>	<p>Development, construction, acquisition and/or refurbishment of</p> <ul style="list-style-type: none"> <li>• Buildings built after 31 December 2020 with energy performance of at least 10% lower than the local threshold set for nearly zero-building (NZEB) requirements</li> <li>• Buildings built before 31 December 2020 with an EPC label of at least “A”</li> <li>• Buildings built before 31 December 2020 within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED)</li> </ul>	 

	<ul style="list-style-type: none"> <li>Buildings that have achieved or are in process of achieving an environmental certification comparable to e.g. <ul style="list-style-type: none"> <li>BREEAM certification (at least “Very good”) or</li> <li>LEED certification (at least “Gold”)</li> </ul> </li> <li>Buildings that undergo a renovation that leads to a reduction of primary energy demand (PED) of at least 30%</li> </ul>	
<b>Circular economy</b>	<p>Circular infrastructure such as :</p> <ul style="list-style-type: none"> <li>Recycling facilities</li> <li>Resource recovery projects</li> </ul>	
<b>SOCIAL INVESTMENTS</b>		
<b>Affordable basic infrastructure</b>	<ul style="list-style-type: none"> <li>Expansion or roll-out of fiber optic network in underserved areas</li> </ul>	
<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>Infrastructure and services for children day care, schools, care centers for people with disabilities or elderly care</li> </ul>	
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>Investments in affordable housing</li> </ul>	

## **2 Process for Project Evaluation and Selection**

### **Roles and Responsibilities**

TINC has set up an ESG Committee within the Management Board of TINC Manager NV, in charge of the monitoring and execution of the sustainability policy. The ESG Committee is composed of the members of the Management Board (CEO, CFO and CLO) of TINC Manager, the statutory director of TINC, and reports directly to the Audit Committee (that, in its turn, reports to the Supervisory Board of TINC Manager). The ESG Committee has been delegated by the Supervisory Board the powers to issue financing instruments under the Sustainable Financing Framework in compliance with the principles and criteria thereof and to apply the proceeds to investments approved by the Supervisory Board).

### **Evaluation and selection process**

TINC's process for selection and evaluation of Eligible Sustainable Investments is straightforward and transparent. When looking into potential new investment opportunities, the investments teams will, as part of the due diligence exercise and by making use of sustainability checklists, make a first mapping of the sustainability status.

Upon a positive assessment, an identified investment opportunity is assessed by the ESG Committee against (i) TINC's sustainability policy with guidelines and rules of conduct and exclusions (ii) the contribution to the UN SDG's as listed under 1. Use of proceeds, following which the investment opportunity may be qualified by the ESG Committee as an Eligible Sustainable Investment and submitted to the Supervisory Board.

Once an investment opportunity regarding an Eligible Sustainable Investment is approved by the Supervisory Board, the ESG Committee is authorised to apply the proceeds of the issued Sustainable Financing Framework instruments to the approved Eligible Sustainable Investment.

The ESG Committee is further responsible for monitoring and validating the reporting under the Sustainable Finance Framework.

## **3 Management of Proceeds**

The net proceeds of the Sustainable Finance Instruments issued under this Framework will be managed by the ESG Committee in a portfolio approach.

TINC intends to allocate the proceeds from the Green, Social or Sustainability Finance Instruments to Eligible Sustainable Investments.

TINC will strive, over time, to achieve a level of allocation out of the Eligible Sustainable Investment Portfolio which matches or exceeds the balance of proceeds from its outstanding Sustainable Finance Instruments. Additional projects will be allocated out of the Eligible Sustainable Investment Portfolio to the extent required.

TINC intends, to the best of its abilities, to fully allocate the proceeds within [24] months after the issuance date of each Sustainable Finance Instrument.

Pending the allocation or reallocation, as the case may be, of the net proceeds, TINC will temporarily invest the balance of the net proceeds, as per TINC’s cash management policy.

**4 Reporting**

For all issuances of financing instruments under this Framework, TINC intends to produce an allocation report (the “Allocation Report”) as well as an impact report (the “Impact Report”) annually until full allocation of the Sustainable Finance Instrument proceeds.

TINC will make and keep readily available annual reporting on the allocation and impact of the portfolio of Eligible Sustainable Investments after a year from the issuance of the first Sustainable Finance Instruments, to be renewed annually until full allocation or in case of material change. This report will be publicly available as part of the annual report or, separately, on the website of TINC.

TINC has the willingness to report on an aggregated basis for all the Sustainable Finance Instruments outstanding.

TINC intends to the extent practical to align its impact reporting with the Handbook for Harmonized Framework for Impact Reporting - June 2021<sup>1</sup>

**Allocation Report**

The allocation report will provide indicators such as:

- The aggregated amount of net proceeds allocated to the Eligible Sustainable Investments for each of the eligible categories;
- The breakdown between financing and refinancing amount
- Some illustrative examples of Eligible Sustainable Investments
- The amount of unallocated net amounts (if any) consolidated for the aggregate Green, Social and Sustainability Finance Instruments

**Impact Report**

TINC will report on the environmental and/or social benefits of the Eligible Green and Eligible Social Investments and where possible it will include the following impact indicators:

Eligible Green Categories	Examples of Output Indicators	Examples of Impact Indicators
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Renewable energy capacity installed in GW or MW</li> <li>• Annual renewable energy generated or expected in MWh</li> </ul>	<ul style="list-style-type: none"> <li>• Avoided CO<sub>2</sub> emissions (tCO<sub>2</sub>/year)</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Energy savings (KWh saved/reduced)</li> </ul>	<ul style="list-style-type: none"> <li>• Avoided CO<sub>2</sub> emissions (tCO<sub>2</sub>/year)</li> </ul>

<sup>1</sup> CMA website, “Impact Reporting”, at <https://www.icmagroup.org/sustainable-finance/impact-reporting>



<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Number of built kilometres</li> </ul>	<ul style="list-style-type: none"> <li>• Avoided CO<sub>2</sub> emissions (tCO<sub>2</sub>/year)</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Breakdown of Green Building by type of certification (%)</li> <li>• Average EPC level</li> </ul>	<ul style="list-style-type: none"> <li>• Avoided CO<sub>2</sub> emissions (tCO<sub>2</sub>/year)</li> </ul>

<b>Eligible Social Categories</b>	<b>Examples of Reporting Indicators</b>	
<b>Affordable Basic Infrastructure</b>	<ul style="list-style-type: none"> <li>• Installed capacity</li> <li>• Number of households reached</li> </ul>	
<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>• Number of nursing homes, patients or beds</li> <li>• Number of supported projects</li> <li>• Number of households connected to Fiber network</li> </ul>	
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>• Number of project housing</li> <li>• Number of beneficiaries reached</li> </ul>	

### External Review - Second Party Opinion

TINC has engaged ISS ESG to provide a Second Party Opinion on its Sustainable Finance Framework. The SPO provider ISS ESG reviewed the alignment of the Framework with ICMA's GBP 2021 version, SBP 2021 version, SBG 2021 version, and LMA GLP 2021 version and SLP 2021 version. The Second Party Opinion and the Sustainable Finance Framework will be publicly available on the website of TINC ([www.tincinvest.com](http://www.tincinvest.com)).

### Annual Limited Assurance on the Allocation Report

TINC will request on an annual basis, starting one year after issuance of any Green, Social or Sustainability Finance Instrument until full allocation, a limited assurance report of the allocation of the Sustainable Finance instrument's proceeds to Eligible Sustainable Investments, provided by an external auditor. Such limited assurance report will, potentially as a part of the statutory auditor's annual report, also be posted on our website ([www.tincinvest.com](http://www.tincinvest.com)).

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Please consult the website ([www.tincinvest.com](http://www.tincinvest.com)) for further information on TINC and its portfolio.