Forward

FullCycle Climate Partners ("FullCycle") hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles"). This Disclosure Statement applies to FullCycle's investment business and processes, and serves to fulfill FullCycle Climate Partners' obligations pursuant to Principle 9 in publicly disclosing alignment with the Operating Principles for Impact Management.

As an investment fund, FullCycle is focused on addressing the climate crisis by providing growth equity capital through direct investments into companies with proven, climate-restoring technologies and their associated infrastructure assets. FullCycle has disclosed alignment to the Impact Principles below in accordance with our investment strategy, market approach, criteria, policies and portfolio management processes. We rely on the Impact Principles as part of our investment screening process including selecting and funding only those companies that have technologies that have proven efficacy in mitigating global greenhouse gases.

As per the Disclosure requirement, FullCycle is including its Covered Assets, which comprises Portfolio Company Investments, Project Assets, as well as its assets under management to be fully deployed by the end of its investment period. FullCycle has the goal of deploying $70 million from its fund into positive climate impact aligned to the Operating Principles for Impact Management. The reporting period for the purposes of this verification runs from September 19, 2022 through to September 18, 2023.

The FullCycle mission is to accelerate the transition from a high carbon to a low carbon economy. It's about maximizing climate-positive impact and maximizing returns for our investors. We believe that investing in market-ready technologies to abate CO₂ emissions will not only yield a high return on investment, but it will also generate the most meaningful climate impact per dollar invested. We stand by the Impact Principles as a signatory because we believe that we can achieve meaningful climate outcomes through industry collaboration, collective action, alignment on goals and sharing our knowledge and best practices for impact management. By demonstrating this impact, we believe that more capital will flow into this area and help accelerate positive climate results and a more sustainable future for all.

We look forward to continuing the collaboration with our fellow signatories and other peers who join us in this effort going forward. This is the moment when each of us can work together to transform our climate goals into meaningful, tangible results that benefit the planet and all who inhabit it.

Ibrahim AlHusseini
Founder and Managing Partner, FullCycle Climate Partners
Contents

Overview 4

Principle 1: Define strategic impact objective(s), consistent with the investment strategy 5

Principle 2: Manage strategic impact on a portfolio basis 6

Principle 3: Establish the Manager’s contribution to the achievement of impact 7

Principle 4: Assess the Expected Impact of each Investment, Based on a Systematic Approach 8

Principle 5: Assess, address, monitor, and manage potential negative impacts of each investment 9

Principle 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately 10

Principle 7: Conduct Exits Considering the Effect on Sustained Impact 11

Principle 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned 12

Principle 9: Publicly disclose alignment with the Impact Principles and provide regular independent verification of alignment 12
Overview

FullCycle is a signatory to the Operating Principles for Impact Management (the “Impact Principles”). This Disclosure Statement affirms that FullCycle conducts its impact investing activities in alignment with the Impact Principles. Achieving positive climate impact is the purpose of our fund and a core driver of all our investment activities.

FullCycle is an infrastructure growth equity fund accelerating the commercial deployment of climate-critical technologies by providing growth capital to both the companies and their pipeline of early infrastructure projects. We have developed this innovative high-yield and high-impact real asset strategy that helps companies bridge the deployment gap between technical validation and widespread commercial deployment.

FullCycle is focused on building out emerging classes of sustainable real assets in areas of the economy such as energy, waste, agriculture, fashion, and heavy industry that can not only deliver attractive risk-adjusted financial returns but also delivers a differentiated carbon return on investment by prioritizing opportunities that mitigate the largest amount of CO₂e over the next 20 years. We measure and evaluate this impact using our proprietary methodology, “Carbon Return on Investment” (CROI₂₀). Our strategy is centered on the urgency of putting capital to work faster and achieving greater impact by targeting those emissions with disproportionately high warming potential.
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.

FullCycle is a growth equity fund focused on accelerating systemic solutions to the climate crisis. FullCycle commercializes proven technology solutions to the climate crisis through our acceleration ecosystem and Infrastructure-as-a-Service asset-led growth strategy. We invest in companies and their associated climate-critical infrastructure projects, with the majority of capital invested in project assets in areas that most intensely produce greenhouse gases.

FullCycle’s Investment strategy equally maximizes financial returns and climate impact by focusing on technologies that mitigate Short Lived Climate Pollutants (SLCPs). SLCPs are potent greenhouse gases that are 84 - 1,300 times more heat-trapping than CO₂.

We invest in companies with market-ready, scalable technologies that are ready to be deployed at scale today; not early, unproven innovations. These technologies must be able to deliver gigaton-scale of CO₂e annually at full deployment with a compelling relative carbon return on investment (CROI₂₀). Our Impact aligned investment areas include:

<table>
<thead>
<tr>
<th>Investment Areas</th>
<th>SDGs Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Molecular Recycling</td>
<td>13 Climate action</td>
</tr>
<tr>
<td>Heavy Industry Decarbonization</td>
<td>12 Responsible Consumption and Production</td>
</tr>
<tr>
<td>Sustainable Agriculture</td>
<td>14 Life, Water, and Social Security</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>3 Good Health and Well-Being</td>
</tr>
<tr>
<td></td>
<td>6 Clean Water and Sanitation</td>
</tr>
<tr>
<td></td>
<td>15 Life on Land</td>
</tr>
<tr>
<td></td>
<td>1 Zero Hunger</td>
</tr>
<tr>
<td></td>
<td>7 Affordable and Clean Energy</td>
</tr>
<tr>
<td></td>
<td>11 Industry, Innovation, and Infrastructure</td>
</tr>
<tr>
<td></td>
<td>8 Good Health and Well-Being</td>
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<tr>
<td></td>
<td>6 Clean Water and Sanitation</td>
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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.

FullCycle measures impact using a proprietary methodology, "Carbon Return on Investment" (CROI$_{20}$), prioritizing technologies that mitigate the largest amount of CO$_2$e over their first 20 years of emissions. This pillar of our investment strategy and reporting is integrated in our due diligence, investment committee and post investment processes.

FullCycle compares and benchmark opportunities for climate impact potential across various sectors and abatement pathways. Additionally, intrafirm environmental, social, and governance practices are evaluated as critical indicators of backing high-quality, well-run companies in addition to their broader potential impact. Each potential investment is assessed against both the portfolio and a standard set of benchmarks.

Subsequent to the initial investment, we will continuously evaluate project opportunities as well as track outcomes vs. our initial projections to evaluate under/over performance. Impact achievement post investment will be managed, tracked, and reported via investor quarterly and annual reporting.

Impact aligned staff incentive systems

FullCycle is considering several different approaches to align its senior staff incentive system with impact achievement of the total portfolio and value creation initiatives.
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.

FullCycle targets companies poised for rapid commercialization by providing growth capital to the companies and their project infrastructure pipelines to scale the deployment gap. As a financial and operational partner, we accelerate commercialization and asset deployment while de-risking project development. Simultaneously, we focus on the economic sectors and emissions pathways driven predominantly by the short-lived climate pollutants.

FullCycle contributes to the achievement of impact by providing an acceleration ecosystem around project finance, climate expertise and regionalized operational expertise that seeks to drive cycle time reduction for the deployment of climate-critical infrastructure globally.

FullCycle will measure its contribution to the achievement of impact through periodic review of the portfolio’s Carbon Return on Investment (CROI\textsubscript{20}). The CROI\textsubscript{20} analysis will also take into consideration wherever possible modeled operational output that would have occurred in the absence of a FullCycle investment and analyze if any positive impacts are the result of FullCycle.

In addition, FullCycle internal fund operations will maximize positive impact with respect to the SDGs. FullCycle will:

- Create a company culture that supports diversity and inclusion
- Form partnerships to support value aligned climate leaders and organizations
- Lead educational initiatives like the current webinar series “The Future with FullCycle” to promote climate knowledge, collaboration and climate action
- Purchase carbon offsets to mitigate environmental damage of company travel
- Commit and disclose management philanthropy to organizations aligned with the SDGs, specifically any grants or in-kind contributions towards climate action.
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, align with industry standards and follow best practice.

FullCycle’s applies its proprietary impact assessment strategy and framework to screen, diligence, invest and manage its portfolio investments. Our core impact metric is Carbon Return on Investment (CROI20), a flexible metric that measures the CO₂e abated per dollar invested based on the first 20 years of emission. FullCycle will also use other key performance indicators as well as the IMP investment dimensions to screen and measure the potential impact of each investment. All investment decisions are taken by the Investment Committee after considering input from the investment team, advisory board, and external advisors.

<table>
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<tr>
<th>Impact Dimension</th>
<th>FullCycle’s Impact Questions</th>
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| WHAT             | • Will the investment achieve a higher CROI20 when compared against its alternatives and benchmarks?  
      • Will the technology abate a Gigaton of CO₂e annually at full deployment?  
      • Will the investment achieve its ESG and Impact objectives? |
| WHO              | • Who will experience the outcome and how important is that outcome?  
      • Will the outcome equally benefit the underserved population? |
| HOW              | • What is the Gigaton CO₂e Total Addressable Market of the technology  
      • Will the company achieve scale and depth in that market? |
| CONTRIBUTION     | • How will FullCycle’s investment accelerate the deployment of the technology and the achievement of impact? |
| RISK             | • What are the risks to the company’s business and to it achieving its financial and impact objectives? |
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.

FullCycle’s proprietary investment strategy targets pro-climate investments and the investment process filters out organizations or projects employing strategies that are associated with higher environmental, social and governance risks, any of which could weaken the financial and impact performance of portfolio companies. Nonetheless, FullCycle does not only seek to exclude strategies that have high risk factors, but also pursues strategies that actively mitigate risk within our portfolio or improve performance of high-risk industries.

FullCycle’s investment research and analysis process identifies risks associated with sectors and impact themes. Investment team members focus on different impact themes, sectors, macro trends and industries across geographies in order to form a cross-cutting analysis on potential risks associated with diverse fund strategies. FullCycle assesses performance utilizing a robust risk assessment and impact framework that incorporates the Impact Management Project, the UN SDGs, and the IFC’s performance standards as the industry benchmark. The firm uses a proprietary investment scorecard and carbon impact rating methodology (CROI20) to measure portfolio performance against the best available baseline data for the industry and sector as well as competitive benchmarking against comparable technologies within the same sector.

FullCycle will utilize the IFC Performance Standards to monitor and identify potential ESG risks of platforms and projects. FullCycle will undertake an ESG due diligence on all of its investments. ESG risks are distinct from impact risks; they are negative operational impacts that are independent of potential expected positive impacts. If a performance standard is triggered by the operation of the potential investment, FullCycle will engage in a review and site visit (as needed) with the potential investee to assess compliance. If the investee is in non-compliance, FullCycle will work with the prospective management to develop a corrective action plan and stipulate corrective action as a contractual requirement. Eventually, FullCycle will develop an ESG risk metric to manage and mitigate total portfolio ESG risk.
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.

Prior to any investment, regular reporting requirements are agreed with all portfolio companies and are built into the investment agreement. As such, the failure to provide this information can trigger a breach of agreement and can prevent future equity or project investment and may result in punitive measures if necessary between FullCycle and the investee.

In addition to regular data reporting requirements, all portfolio companies are monitored for financial and climate impact (CROI<sub>eo</sub>) performance and are subject to follow on due diligence visits, as needed. FullCycle provides an annual update to its Limited Partners, which includes a section giving an overview of the climate impact and related performance data at a portfolio level as well as an update on specific projects, as available, highlighting recent climate achievements where appropriate.

FullCycle regularly collect data on the actual impact of each investment with respect to the primary, secondary, tertiary impact objectives. FullCycle will calculate its total fund impact using ex-post data and will report its total impact to investors annually. To accomplish this at global scale over time, FullCycle will develop the necessary systems to collect, store, process and analyze data from each project and company.
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.

FullCycle Impact Exit Strategy

The sustainability of impact outcomes is considered during the initial investment phase by considering whether the impact is core to the business and likely to yield long-term impact. Potential exit opportunities shall be evaluated periodically on a strategic basis and opportunistically. Investments will only be made if positive climate impact is achieved as a result of the core operations of the business. The CROI20 methodology will be utilized in the screening, evaluation, monitoring and reporting for every investment. By investing in businesses which are inherently impactful due to the nature of their core business, FullCycle reduces the likelihood that a sale will threaten the longevity of that impact.

FullCycle will assess the sustained impact of potential exists based on three primary factors:

- The buyer’s commitment to impact and FullCycle values
- The buyer’s operational and financial ability to manage the asset for long-term success
- The buyer’s commitment to continuing commitments to the local community

Any exit that FullCycle does not believe will sustain impact will not be executed. FullCycle will document and disclose its rationale for exits.

FullCycle Impact Exit Process

FullCycle is currently implementing a scorecard for evaluating potential investments as well as investment exits. The first investment made (in Synova) is not yet exited. The FullCycle exit process will comprise an Exit checklist, which includes questions designed to assess whether positive ESG and impact performance would be at risk of discontinuing or becoming diluted as a result of the proposed exit (such as the motivation for acquisition (e.g., a sustainability mandate, technology complementarity), the identity of the prospective buyer, the timing or the structure of the exit). The Exit checklist is reviewed by the Investment Committee, the specific deal team and discussed at the Exit Committee.
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.

FullCycle works closely with its platform companies to manage, monitor, and report on impact performance on a quarterly basis. FullCycle monitors each platform company’s actual progress against its impact annual goals and will work closely with each platform company to identify areas of improvement based on lessons learnt.

FullCycle consistently seeks to improve financial and carbon return on investment and will actively review operational and strategic investment decisions, as well as management processes. We continuously participate in various industry initiatives to contribute to and enhance industry standardization, transparency, alignment and partnership.

Principle 9: Publicly disclose alignment with the Impact Principles and provide regular independent verification of alignment

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.

This Disclosure Note re-affirms the alignment of FullCycle Climate Partner’s procedures with the Impact Principles and will be updated annually.

FullCycle regularly engages with an independent third-party auditor to assess and verify the fund’s impact procedures, alignment with the Operating Principles, and identify opportunities for impact improvement. FullCycle will publicly disclose the findings of this assessment.

The independent verification report on the alignment of FullCycle with the Operating Principles for Impact Management was performed by BlueMark, a tideline company, on October 18, 2022 and is available as a separate document. This verification will be completed on a regular basis on two-year intervals, or earlier in the event of material change to our impact management processes.
BlueMark is a leading independent provider of impact verification services in the impact investing market. BlueMark is a subsidiary of Tideline Advisors, LLC, a specialized consulting firm that works with asset managers and allocators to design and implement best-in-class impact management and measurement systems.

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