

2023 Sustainability & Impact Report



Report as of September 30, 2023

ecofin

Private Credit

Contents

- 03** Introduction
- 04** Our people
- 05** Our approach
- 07** Impact by the numbers
- 08** Thematic impact through
SDG alignment
- 09** Investment sector deep dive
 - 10** Education
 - 12** Waste Transition
 - 14** Healthcare
- 15** Community involvement
- 16** Important disclosures

Introduction

Ecofin is pleased to introduce this year's **Private Credit Impact Report**. The publication of this report is a reminder to us of the role we play in our client's portfolios and in the investment industry.

Ecofin is a sustainable investment firm investing in public equities, private equity, and private credit. We invest in essential assets and services that contribute to more sustainable human ecosystems and communities. We are driven by our mission to generate strong risk-adjusted returns alongside measurable impacts. Ecofin's primary capabilities include Climate Action, Water Sustainability, and Social impact. This report will specifically cover our **Private Credit Strategy**, which focuses on debt investments that provide a meaningful social impact.

The **Private Credit Strategy** focuses on infrastructure investments that are supported by strong secular tailwinds, such as essential assets within the Education, Waste Transition, and Healthcare sectors. We believe our approach can deliver attractive financial returns alongside positive social and environmental outcomes by investing in growing sectors that are inherently impactful.

When compared to public markets, impact in private markets can often be more tangible and easier to measure. The concept of "additionality" is a unique characteristic to private investing – meaning if not for the capital invested, the impact outcomes may not have materialized. For investors striving to make a real difference with their dollars, private investments offer a direct way to do so. This report seeks to highlight the additionality impacts tied to Ecofin's **Private Credit Strategy**.

In terms of structure, the report opens with an overview of the strategy, including environmental, social, and governance ("ESG") & Impact Analysis, and how the strategy on aggregate stacks up in terms of impact. We end the section with a mapping on how the strategy is furthering multiple objectives of the United Nations Sustainable Development Goals (UN SDGs). Next, we move through a deep dive on each investment sector within the strategy. We provide an overview of each sector and its significance. These sections are supplemented with quantifiable impact highlights and end with an impact case study, illustrating both the powerful tangible and less tangible impacts stemming from our investments. We close the report with some highlights on Ecofin's impact within our local communities via intentional service.

We are excited to publish this report to further conversations with investors around our intentionality, implementation, and outcomes. We have worked to implement best practices in our reporting but embrace a culture of continuous improvement and expect to see future reports continue to evolve. As always, we welcome your feedback.

Our people

TEAM LEAD



David Sifford
Managing Director
Private Sustainable Infrastructure

STRATEGY EXPERTISE



Maneesh Jhunhunwala
Managing Director
Credit & Asset Management



Chase Barnes
Vice President
Credit Research



Nathan Vallette
Director
Education



Tiny McLaughlin
Director
Education



Brandon DeBenedet
Director
Senior Living



David Roeder
Director
Waste Transition



Chris Wittkopf
Vice President
Surveillance



Sam Carter
Credit Analyst

GOVERNANCE

Investment Committee



David Sifford
Managing Director



Bradley Adams
Managing Director



Brent Newcomb
President
Ecofin



Gary Henson, CFA®
President

Credit Committee



Edward Russell
Senior Managing
Director



Matthew Sallee, CFA®
President
Tortoise



Stephen Pang, CFA®
Managing Director



Maneesh Jhunhunwala
Managing Director



David Sifford
Managing Director

INTERVAL FUND MANAGEMENT



Courtney Gengler, CPA
Managing Director
Financial Operations



Nick Calhoun, CPA
Vice President
Financial Operations

COMPLIANCE



Susan Steiner
Managing Director and
Chief Compliance Officer

SUSTAINABILITY & RESPONSIBLE INVESTING TEAM

The investment team is supported by the Sustainability & Responsible Investing (SRI) Team, a shared resource dedicated to ESG, responsible investing, and sustainability and impact:



Greg Murphy, CFA
Head of Sustainability &
Responsible Investing (SRI)



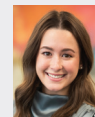
Haley Hoeven
Director of
Sustainability &
Responsible Investing



Ben Bor
Senior Analyst



Jessica Borawski
Senior Analyst



Emma Kurtz
Analyst



Our approach

Strategy Overview

Ecofin's **Private Credit Strategy** provides early-cycle debt capital for lower middle-market, asset-backed projects. We seek to generate attractive total returns by focusing on essential assets in sectors that are experiencing secular tailwinds due to capital dislocations while also making a positive impact on communities. The sectors we invest in are Education, Waste Transition, and Healthcare.

Education



- Charter schools
- Private schools
- Early education
- Vocational/technical schools

Waste Transition



- Waste-to-energy projects
 - Landfill gas
 - Anaerobic digester
 - Biomass
- Waste-to-value projects
 - Plastic recycling
 - Tire recycling
 - Food waste recycling

Healthcare



- Senior living
 - Independent living
 - Assisted living (including memory care)
- Medical care centers
 - Rehabilitation
 - Psychiatric
 - Substance use disorder

ESG & Impact Analysis

During the investment due diligence process, we analyze fundamental characteristics alongside a range of ESG factors and impact metrics to assess risks and opportunities, including the potential impact the investment will have on its surrounding environment and community.

These factors are embedded within the strategy's investment memoranda and systematically applied to all opportunities seeking commitments. Each investment memorandum is reviewed by the **Private Credit Investment Committee** prior to authorizing an investment commitment and is utilized on an ongoing basis as part of risk management and operational practices throughout the life of the investment.

We intend to update and report impact statistics at least annually within the strategy impact report.

ESG and impact analysis integrated throughout the investment process



Impact metrics considered during investment due diligence may include, but are not limited to:

Education	Waste Transition	Healthcare
Number of students impacted	Carbon emissions reduction	Number of units
Number of employees impacted	Number of employees impacted	Number of employees impacted
Number of teachers impacted	Waste reused or recycled	
	Water reduction or consumption savings	

Impact by numbers

The impact that our investments have on communities is measurable and direct. Our **Private Credit Strategy** is making an impact on communities across the country and within varying populations, with investments in 18 states, including a focus on diverse and underserved demographics.

\$579 MM

Total impact investments

\$69 MM

in counties with poverty rates above national average

9,189

students educated

167,874

tons of CO₂ reduced annually

1,181,035

tons of projected annual waste reduction

867

senior residents housed

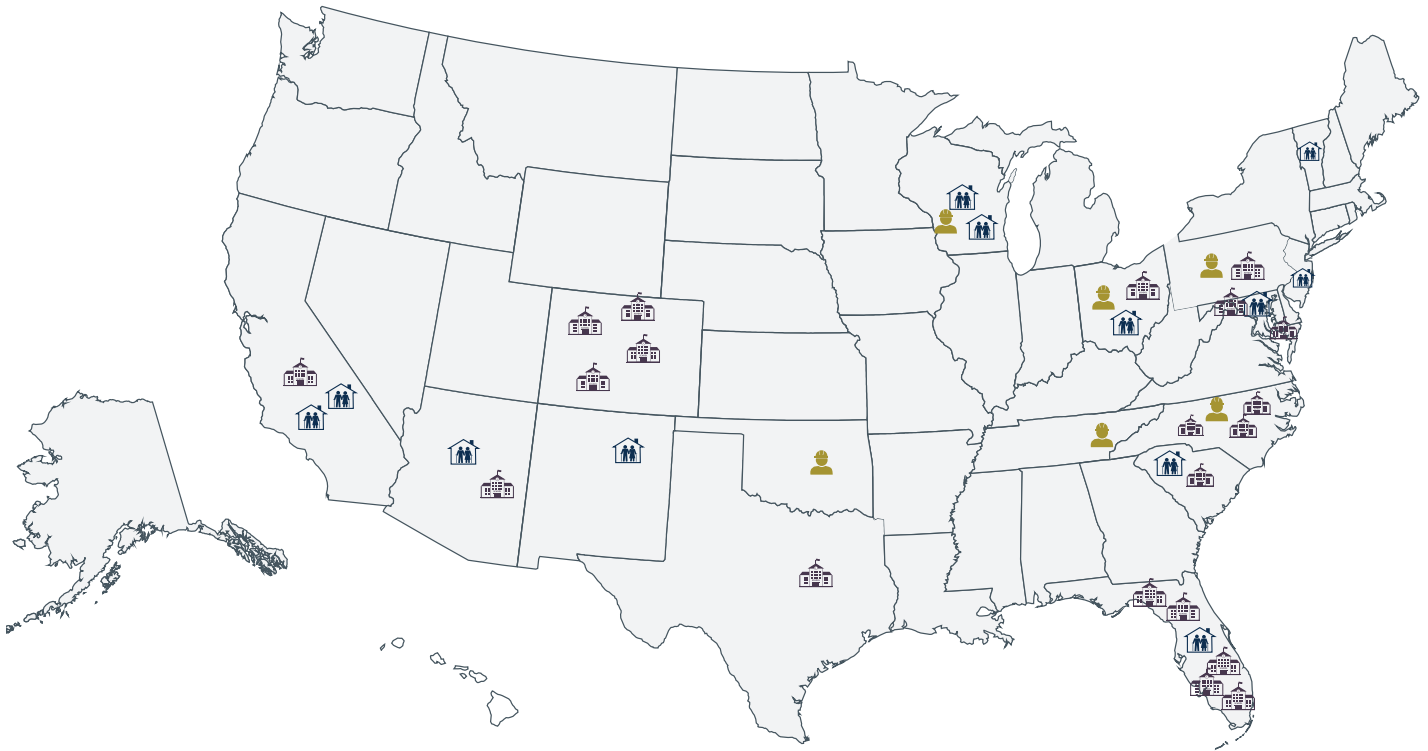
675,761,000




gallons of water saved annually

Source: Platform impact statistics and total impact investment dollars represent an approximation of the cumulative impact of and total private transactions made by Ecofin private credit investments 1/1/2019 - 9/30/2023. Prior to this date, the platform was managed by a different team with a different strategy.

Making an impact across the U.S.













Investments across strong geographies and demographics



 Education
  Waste transition
  Healthcare

As of 9/30/2023. Prior to this date, the fund was managed by a different team with a different strategy. Information provided represents past deals sourced and closed by the Ecofin Private Credit team. Investments shown and future investments will not be identical.

Thematic impact through SDG alignment

Investment Sector	Thematic Impact
Education	 
Waste Transition	          
Healthcare	 

Based on a proprietary mapping of targeted impact outcomes within each sector to one or more SDGs. Primary SDGs notated above.



Investment sector deep dive



In this section, we aim to further illustrate the additionality characteristics specific to the [Private Credit Strategy](#) via a deep dive into our three primary investment sectors.

As illustrated in the above sections, our investments provide meaningful and quantifiable impacts, but [the numbers don't always tell the full story](#). What is harder to capture are the intangible ripple effects that our investments make on the communities around them. We call this ["outsized" impact](#), or impact that goes [beyond the numbers](#).

Education

Sector Overview

Our education sector focuses on innovative education investments across the U.S., including charter schools, private schools, early education, and vocational / technical schools. In particular, charter schools are a primary focus for us, as they provide an opportunity for attractive tax-exempt returns and educational options for historically underserved communities.

It is important to understand that charter schools are public schools that are run by a not-for-profit board rather than a school district. They operate under a contract (or charter) with an "authorizer" – typically the state, a school district, or university – that holds them accountable to the high standards outlined within their "charter." Charter schools are required to serve any eligible public-school student.

These institutions can offer an alternative when district public schools are either failing or parents feel they are not providing their children with satisfactory education opportunities.

Sector Significance

Over the past 30 years, charter schools have proven to be essential to public education in the U.S. As of 2021, more than 3.3 million students were enrolled in 7,500 charter schools across the nation. Forty-four states, two U.S. territories and Washington, D.C. have laws allowing for the creation of charter schools. [We believe public sentiment toward school choice and non-traditional options is growing, especially for those in impoverished communities](#). This sentiment was amplified during and following the COVID pandemic, with 78% of parents saying they became more involved and aware of their children's education during the period. [Additionally, 77% percent of parents across political affiliations want more public charter school offerings in their area.](#)¹

¹National Alliance for Public Charter Schools www.publiccharters.org

Investment sector deep dive

It is widely known that the **quality of the public school a child attends is highly correlated with the wealth of the community** in which the child resides. Historic boundaries were created to ensure tax revenues stay “in” and low-income students are kept “out” of the most desirable public schools. These unfortunately have endured through the creation of autonomous school districts. Low population density has further limited education offerings available to students in rural communities. Even well-intentioned policies that attempt to ensure an equitable distribution of resources to underserved communities through federally funded programs can spawn unwieldy education bureaucracies that stifle innovation and prevent educators from adequately serving their students. As a result, many students living in wealthy communities have access to a wide variety of superior public-school offerings. **However, under-resourced schools focused on simply meeting basic state standards are typically the norm for students living in less affluent communities.**

While we aim to deliver strong risk-adjusted returns to our clients, **the impacts of our investments should not be overlooked.** Achieving the ideal that students of any socioeconomic, racial, and/or ethnic background can have access to free, quality public education, has proven exceptionally challenging. In this endeavour, charter schools have been one of the most enduring and impactful innovations in public education within the last 30 years, and **our investments in charter schools are trying to bridge this socioeconomic gap.**

Beyond the Numbers: Impact Story

Education: Outsized Impact in Boiling Springs, South Carolina:

In September 2023, the last of three scheduled investments was completed in Libertas Academies (“Libertas”), a new charter school in Boiling Springs, South Carolina. As of fall 2023, the school served 600 children in grades K-6 and is expected to serve 900 students in grades K-8 by the 2026-2027 school year.²

Filling a crucial education gap:

- In a recent study, South Carolina’s school system was ranked very poorly, coming in at 42 out of 51 school systems studied across the nation³, with a rural section of the state nicknamed the “**Corridor of Shame**” due to its under-resourced schools.
- The local government views charter schools as a key component to reforming the state’s school system. In the past, funding for traditional public schools allowed for sustainable student growth, while the funding for public charter schools did not. This inequality limited the ability of public charter schools to meet the growing demand by students and parents for more options. The state now has a new funding plan that treats traditional public schools and public charter schools the same way.⁴
- Libertas was approved as the only charter school in Boiling Springs. There are no other charter schools within five miles of the school’s site, and the district schools are at or near capacity.
- Located within the state’s “Corridor of Shame,” Libertas seeks to help the community rebrand itself by fostering local community economic development by bringing jobs via infrastructure to these rural areas.⁵

²Ecofin

³<https://www.wncn.com/article/news/local/school-system-rank-44-south-carolina>

⁴<https://www.postandcourier.com/opinion/commentary/commentary-sc-s-public-charter-schools-transform-education>

⁵<https://www.greenvilleonline.com/story/news/2019/01/09/south-carolina-gov-henry-mcmaster-seeks-education-reform-inaugural-address>



Waste Transition

Sector Overview

At Ecofin, our waste transition sector focuses on project finance investments across the U.S. in waste-to-energy, waste-to-value, and other resource recovery and reuse sectors, which seek to contribute to these three themes:

1. **Circular economy** efforts target a reduction in single-use waste and promote the “Three Rs:” reduce, reuse, and recycle, as ways to transform waste into new assets with beneficial use. These repeated-use assets, as opposed to single-use assets, may be produced with less virgin materials, lower energy use, and lower GHG emissions.
2. **Renewable energy generation** efforts extend beyond wind and solar to include energy derived from organic wastes such as animal, agricultural, forestry, and food waste. Renewable energy from waste tends to have a lower carbon intensity and produces less GHG emissions.
3. **GHG reduction** efforts in the U.S. are generally focused on large GHG-emitting sectors: agriculture and transportation. GHG reductions involve both CO₂ emissions from fossil fuel combustion and methane from organic decomposition.

Sector Significance

One of the largest sources of GHG emissions is trash. The World Bank estimates that **by 2050 we will be generating 3.88 billion tons of waste each year, a 73% increase from 2020.**⁶ As that trash decomposes, it produces GHG – and especially methane (CH₄). In fact, methane emissions from waste are expected to increase by 13 megatons per year over the next decade alone.⁷

These GHG emissions only compound when we consider human wastewater or sewage, where significant amounts of methane escape into the atmosphere. Now consider dairy farms, chicken farms, and meat processing facilities. Further, think about food waste. **In the U.S., food loss is between 31%-40% of overall food production.**⁸ Even the food that is thrown out requires significant energy for fertilizer, irrigation, and transportation, and then we discard it - all exacerbating the GHG production issue.

⁶World Bank, <https://openknowledge.worldbank.org/>

⁷UN Environment Programme, <https://www.unep.org/resources/report/>

⁸FDA, “Food Loss and Waste”

Investment sector deep dive

Solution: Turn methane into renewable natural gas (“RNG”), so that we can tackle two major climate change issues at once:

- 1) reducing methane emissions from waste and,
- 2) de-carbonizing the transportation and heating sectors.

Due to its net carbon nature, renewable natural gas could displace 95% of the average GHG emissions attributable to natural gas consumption in the entire residential energy sector.⁹

In a similar manner, we are also able to capture methane from animal farms by utilizing anaerobic digestion of the manure and other waste from processing that would otherwise be dumped into landfills. The construction and operation of these facilities to compost waste and capture the associated methane emissions is an area of opportunity for us.

Beyond the Numbers: Impact Story

Waste Transition: Designing out Waste in North Carolina

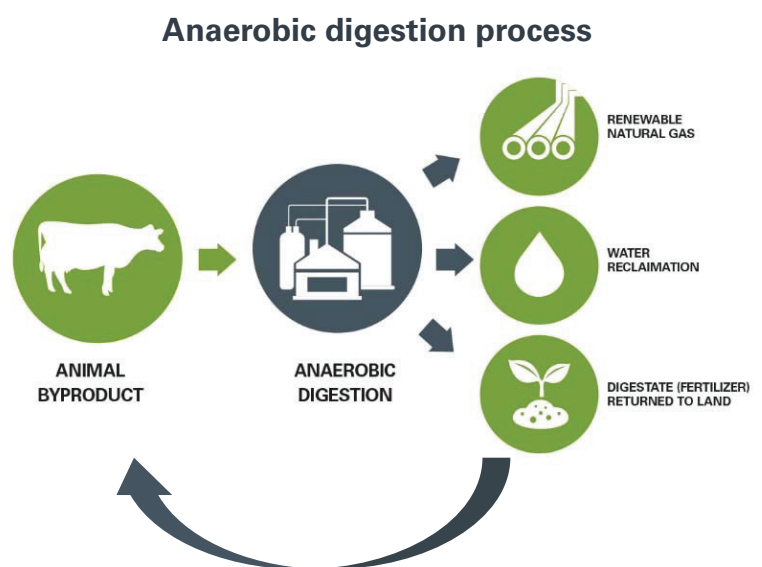
Ecofin’s most recent Waste Transition project involves C2NC Holdings (“C2NC”), also known as Carbon Cycle North Carolina, a biomethane-producing waste-to-energy anaerobic digester plant in North Carolina.

North Carolina, where pigs outnumber people 30-1, generates significant waste from its massive pork production industry.¹⁰ The waste produces methane gas and can spread harmful bacteria, wash off into local waterways, and contaminate groundwater.¹¹

In an effort to reduce waste and mitigate these harmful effects, the state has mandated that energy companies obtain a certain portion of their fuel from animal sources (specifically, swine and poultry waste).

Bridging the gap to help reach state emissions mandates:

- C2NC is in the process of completing construction and commissioning of a biomethane-producing waste-to-energy anaerobic digester plant in North Carolina.
- When complete, the project will convert waste from local animal processing plants and food processing operations into RNG, which was previously being put in landfills or disposed of in other ways.
- Under a 15-year contract, C2NC will sell the RNG to a regional utility company, Duke Energy, via direct injection into a pipeline that has an access point on the company’s property.
- Duke Energy will use the RNG to generate renewable electricity at four of its power stations.¹²



⁹AGA/ICF

¹⁰<https://www.southernenvironment.org/news/the-sinister-hog-industry-of-eastern-north-carolina/>

¹¹<https://www.ehn.org/north-carolina-hurricanes-hog-farms-2652972415.html>

¹²<https://news.duke-energy.com/releases/pork-power-gets-new-meaning-with-duke-energy-deal>



Healthcare

Sector Overview

Senior housing and healthcare are critical elements of our society, and the need for additional senior living inventory is projected to increase dramatically. Throughout the U.S., our aging population is a vexing challenge, with the **number of households with seniors in their 80s and older projected to more than double by 2037.**¹³ We are on the cusp of a significant surge in demand for senior living communities, and we are investing in essential assets that will care for the impending baby boomer “**silver tsunami**”.

Ecofin’s investments help provide capital to the dislocated senior facilities market, including those that offer the entire continuum, from independent living to assisted living, to palliative care and hospice, and to a lesser extent, skilled nursing for targeted opportunities. Ecofin focuses on not-for-profit residential care and for-profit developers with a goal to provide capital to deliver bridge financing to entities until they are better positioned to obtain traditional financing.

Sector Significance

With advances in medicine, more active lifestyles and better eating habits, today’s seniors are living longer. In 1940, individuals surviving to age 65 had an average remaining life expectancy of 12.7 years. Today, individuals turning 65 are expected to live another 18.7 years on average.¹⁵

By 2030, all baby boomers will be older than 65 years of age. This will expand the size of the older population so that one in every five Americans is projected to be of retirement age.¹⁶ The number of housing units needed will increase to keep up with demand. Making a decision about senior living facilities generally comes into play by seniors in their early to mid-80s. That decision is often hard for those hesitant to leave their homes or those concerned about the cost of care.

Senior housing and care has advanced and evolved to become a consumer-centered industry focused on the needs and preferences of older adults. As investors, Ecofin recognizes that senior living projects are indispensable to our economy and society. **Providing quality care for our society’s parents and grandparents speaks to the heart of Ecofin’s essential assets focus.**

When originating an investment, **Ecofin intends to find and invest in well-managed assets that are highly essential to their markets and make a strong impact in their communities, which translates to a higher likelihood of success.**

¹³JCHS of Harvard University – Housing America’s Older Adults 2018

¹⁴Social Security Administration – Life Expectancy for Social Security

¹⁵Kenan Institute of Private Enterprise – The Business of Healthcare: Adapting to an Aging Economy

¹⁶U.S. Census Bureau, <https://www.census.gov/library/publications/2020/demo/p25-1144.html>

Investment sector deep dive

Beyond the Numbers: Impact Story

Healthcare: Taking Care in Kiawah Island

In mid-2023, Ecofin closed on Seafields at Kiawah Island (“Kiawah”), a continuing care retirement community on John’s Island, South Carolina, part of the affluent chain of barrier islands off the coast of South Carolina.

This area is very underserved in terms of senior living facilities due to the scarcity of available property for this type of development. There are currently no senior living facilities located on the islands, and the nearest competing facility is 20 miles away—and has 96% occupancy with a 300-person waitlist.¹⁷

Filling a vital gap in Kiawah – freedom to age in place:

- The project was conceived in response to fill a void in the market and at the request of Kiawah and Seabrook property owners as a way to age in place.¹⁸
- According to AARP, nearly 90% of adults over 65 want to remain in their current homes as they grow older.¹⁹ Kiawah offers its local residents the opportunity to remain on the island, helping to preserve independence, maintain community connections, and balance budgets.
- The facility will provide 106 entrance fee units, with 90 independent living and 16 assisted living. The facility will also feature a first of its kind in-house medical clinic operated by the Medical University of South Carolina and will focus on promoting health and wellness.²⁰



Community involvement

Giving is deeply rooted in our culture.

Our goal is to offer employees opportunities to give back both monetarily and through volunteer work. We believe that those who give back to their communities flourish as employees and as citizens.

Across Ecofin and its affiliates, some of the organizations that we have supported include:

- Shatterproof
- Becky’s Warriors
- NAIA Champions of Character
- Southwest Michigan Land Conservancy
- Western Golf Association Evans Scholars Foundation
- The Giving Grove

¹⁷Ecofin

¹⁸<https://www.prnewswire.com/news-releases/kiawah-islands-only-luxury-62-life-plan-community-to-break-ground-301361588.html>

¹⁹AARP, <https://www.aarp.org/livable-communities/info-2014/livable-communities-facts-and-figures.html>

²⁰Kiawah Island’s Only Luxury 62+ Life Plan Community To Break Ground (prnewswire.com)

Important disclosures

Ecofin Investments, LLC is the parent of registered investment advisers Ecofin Advisors, LLC, which is regulated by the Securities and Exchange Commission, and Ecofin Advisors Limited, which is regulated by the Financial Conduct Authority and registered with the Securities and Exchange Commission, (collectively known as “Ecofin”)

Ecofin believes that the source of the information included in this document is reliable. However, no representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information contained in this document by Ecofin and no liability is accepted by Ecofin for the accuracy or completeness of any such information.

Ecofin’s Private Credit Sustainability & Impact report as of September 30, 2023 and is provided for discussion and informational purposes only. This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or an investment strategy. Sustainable investing does not guarantee any amount of success. This analysis may not provide a complete picture of the sustainability and impact of the listed equities strategies as it is only reliable as the amount of data available.

Reliance upon information in this material is at the sole risk and discretion of the reader. Ecofin believes that the source of the information included in this document is reliable. However, no representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information contained in this document by Ecofin and no liability is accepted by Ecofin for the accuracy or completeness of any such information.

The UN Sustainable Development Goals are a collection of 17 goals developed by the United Nations that are designed to be a framework in which countries aim to tackle a range of issues, from combating climate change to ending poverty and hunger.

This report contains forward-looking statements. These forward-looking statements include all statements regarding the intent, belief or current expectations regarding matters covered and all statements which are not statements of historical fact. The forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond our control. Since these factors can cause results, performance and achievements to differ materially from those discussed in the report, you are cautioned not to place undue reliance on the forward-looking statements.

All investing involves risk. Principal loss is possible. The risks of investing vary depending on an investor’s particular situation.

Nothing contained in this communication constitutes tax, legal or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation and should carefully read specific strategy documentation for particular situations.

Past performance is no guarantee of future results.

Data in this report pertain only to sustainability and impact, not financial performance.



Ecofin is a sustainable investment firm with roots dating to the 1990s and a global footprint with offices in the U.S. and UK. Our core belief is we can deliver strong risk-adjusted returns and create a healthier planet and society. Our strategies offer global solutions in private and public securities that address global challenges in climate action, water and social impact. Through these strategies we seek to achieve positive impacts that align with UN Sustainable Development Goals and are accessible through a variety of vehicles. Ecofin Investments, LLC is the parent of registered investment advisers Ecofin Advisors, LLC and Ecofin Advisors Limited (collectively “Ecofin”).

Learn more at www.ecofininvest.com