

WHITE PAPER

Sustainable Solar: TGC ESG Philosophy

How We Manage Our Firm, Make Investment Decisions
and Invest in Sustainable Real Assets

January 2021



TRUE GREEN CAPITAL

Background

True Green Capital Management LLC (“TGC”, “the Firm”) was born ten years ago out of the financial crisis of 2008 when risky decision-making at some firms in the financial industry—driven largely by the pursuit of profits at the expense of all else—led to the great recession. The Firm’s founding investment professionals, shaped by that experience and harboring a deep commitment to corporate social responsibility, sought to create a business with a focus on assets that create real value to the economy and the planet.

Since inception, TGC’s fundamental objective has been to use the knowledge and expertise of its team to invest in environmentally-friendly physical assets rather than purely financial products. We believe our investments are more likely to add real value to the economy while generating targeted above-market risk-adjusted returns with limited correlation to other asset classes.

In support of this sustainability mindset, we designed and created a business that inherently focuses on what is commonly referred to as the Triple Bottom Line (“TBL”). Instead of solely focusing on profit, we adopt a broader perspective—one in which people, planet and profit all matter. Our goal is to deliver attractive returns to our investors while remaining committed to the Firm’s stakeholders, including employees, customers, counterparties and the communities in which we operate. We believe adopting a TBL mindset in our investment process engenders social and environmental responsibility at the Firm. We take on this responsibility with the goal of leaving our children with a world in better condition than the one we inherited.

The balance of this white paper outlines TGC’s guiding principles and considerations in realizing our commitment to adhering to the Triple Bottom Line principles, corporate responsibility and sustainable investing.



The 17 MW Westmont solar rooftop in Los Angeles, CA. We believe it is one of the largest commercial and industrial solar rooftops in the world.

Environmental, Social and Governance (“ESG”) Guiding Principles

As an investor, owner and operator in sustainable real assets, TGC believes that ESG factors are an essential part of the day-to-day management of our people, portfolio, and operations. As a leader in sustainable infrastructure investing, TGC believes that value creation and environmental stewardship are complementary goals.

ENVIRONMENTAL

We invest in renewable power generation, making a zero-carbon footprint an inherent goal of the Firm. All investment and operating decisions are made considering Firmwide standards of:

- Deploying capital to build clean renewable energy infrastructure and contributing to the global effort of decarbonizing our power systems. Our origination and investment platform focuses on construction-ready and operating solar power projects that produce clean renewable electricity and help our utility, municipal, commercial and residential customers transition to clean and sustainable energy.
- Pursuing resource efficiency as a key tenet of the Firm’s investment philosophy. We view shortages of energy, materials, food and water as meaningful threats to global growth and, as such, mandate solutions that allow greater production with fewer resources. This need is why TGC’s focus is on the ~\$2 trillion distributed power generation market, with an emphasis on the sub-utility scale renewable segment. We focus on building smaller, localized solar power plants instead of utility-scale solar plants typically located far away from where the power they produce is used. Distributed infrastructure allows power to be used at or near where it is generated, thus avoiding the significant costs associated with building and maintaining the transmission and distribution infrastructure that would otherwise be necessary, as well as minimizing the energy waste associated with distribution over long distances.
- A good example of this resource efficiency is our solar power plants directly in the metro Los Angeles, California Area. These facilities save the utility and thus its customers the costs incurred in delivering most of the other electricity used by customers in Los Angeles that is generated far away from the city.

¹ \$510m equity capital & \$673m debt and tax equity transactions

² Approximately 427 MW of operating assets and 122 MW of in-construction and construction-ready assets

³ <https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>



Capital Deployed to Build
Clean Energy Infrastructure
\$1.1 Billion¹



Number of U.S. States with
True Green Capital Footprint
14 States



Solar Capacity Ownership
548 MW²



Clean Energy Produced to Date
~740,561 MWh



CO2 equivalent GHGs emissions saved
~523,606 Metric Tons³

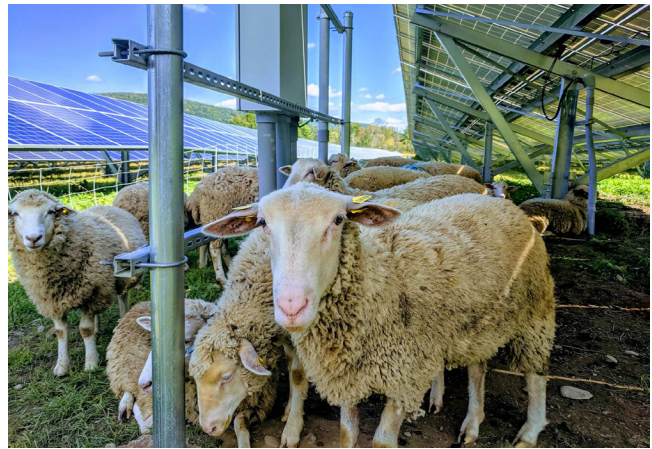


Equivalent Number of Passenger
Cars Taken Off the Road Each Year
~113,090³



Equivalent Number of Trees Planted
~3,149,096³

- Being a key participant in key regulatory and policy-making forums to voice our views and “vote” with our capital to ensure that clean, renewable energy remains a policy priority at both the federal and state levels.
- Tracking and reporting meaningful environmental metrics to all stakeholders. TGC has modeled its reporting on the Sustainability Accounting Standards Board (“SASB”) framework in the SASB Materiality Map. TGC tracks and reports the capacity of our assets to produce green power, the volume of such power they produce, and the equivalent metric tons of Greenhouse Gas (“GHG”) emissions that this production offsets. For the latter, we also track and report the number of passenger car miles driven and the number of homes powered annually that would result in an equivalent amount of GHG emissions offsets.
- Ensuring all our investments comply with federal, state and local environmental regulations and striving to protect the environment in the communities in which they are located. Prior to approving any investment, we conduct rigorous diligence to assess current and historical site conditions through studies and surveys, including Phase I Environmental Site Assessments (“ESA”), to identify any environmental or safety issues. We maintain regular communications with federal, state, and local agencies to ensure continued adherence to all protective measures related to wetland and water bodies, endangered plants and wildlife habitats, archaeological sites, and historic and cultural resources. Beyond regulatory compliance, we partner with communities in which our facilities are located to develop solutions that address any environmental and safety concerns. Notably, we partnered with Cornell University to implement a sheep grazing program on our New York Community Solar Farms and co-locate renewable energy generation with sustainable agricultural production. The goal of the program is to study, understand and mitigate any potential environmental threats such as reduced soil carbon storage and loss of habitat caused by removing land from agricultural use.



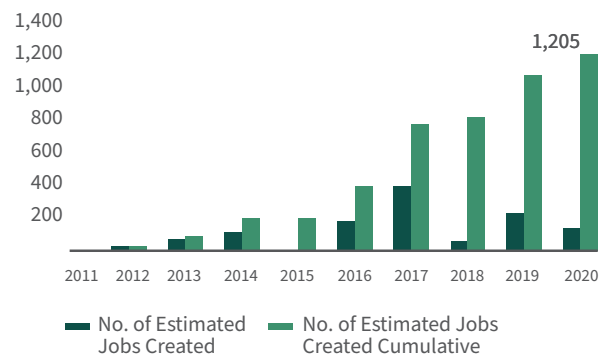
Sheep grazing as part of sustainable maintenance of our New York Community Solar Farms in Upstate New York

SOCIAL

TGC’s investment and operating strategy is designed to ensure that the Firm and its employees have a positive impact on the welfare of the communities in which we operate, which in turn has a positive impact on these investments. Throughout the investment process we consider how to create value in these communities. Our successes include:

- Creating jobs and employing local talent in the communities where we build and operate our assets. As of today, nearly 100% of our construction and operations personnel come from the communities where we operate. Since 2011, the Firm has created over 1,200 jobs related to building and operating its solar projects.⁴ The following chart shows the job creation trajectory since the inception of our Firm:

Number of Jobs Created



⁴ Internal TGC estimates

- Working with local unions, including the IBEW and the labor carpenter's union, to involve them in the construction process and employ their members.
- Employing veterans to bolster their participation in the high growth renewable energy industry. For instance, TGC collaborated with the City of Los Angeles and local unions to implement a program to train and employ veterans related to building the Firm's portfolio in the area.
- Offering a product that addresses energy affordability, an important driver of economic mobility, particularly in the more disadvantaged communities wherein many of our assets are located.

For example, as of December 2020 our 120 MW NY Community Solar Portfolio has enrolled over 14,000 mostly rural residential electricity consumers who receive clean power at discounts of up to 10% from their utility rate, representing meaningful savings.

- Investing in communities where we operate. Investments made by our Funds have contributed over \$72,000 in partnership with non-profit organizations throughout New York State. Notably, TGC is a regular contributor to the New York and Connecticut Food Banks and we encourage our employees to participate by matching contributions. TGC also supports educational initiatives. The Firm has contributed to the Toigo Foundation, whose mission is to foster career advancement and leadership of underrepresented talent in the financial services industry by creating mechanisms for greater inclusion from the classroom to the boardroom. TGC is also a donor to the Suzuki School of Music.
- Targeting deployment of renewable energy infrastructure where we can improve energy resiliency. We consider military bases as crucial locations for such assets. To date, Funds managed by the Firm own ~30MW of operating and in-construction solar capacity on eight military bases in six states across the United States. Our solar installations have enabled the bases to reduce their environmental impact and carbon footprint as well as improve resiliency by reducing reliance on power supplied by the grid, in line with goals set forth by the U.S. department of defense.⁵

The following case studies tell our story of adding value to local communities:

LADWP Projects – ~60 MWs to Date, ~200+ MW Pipeline

- Los Angeles has many significant clean air issues and Mayor Garcetti has committed to improving the environmental air quality, especially ahead of the upcoming Olympics. The city's goal is to achieve a 45% reduction in GHG emissions by 2025, 50% renewable energy production by 2030, and net zero by 2050. LADWP, the local municipal utility, is particularly motivated to fulfill this mandate by 2025.⁶
- TGC's solar development in Los Angeles has played a significant part in keeping the Mayor on track to achieve his emissions reduction target, which has resulted in L.A. becoming the #1 solar city in America.⁷
- We expect TGC's ~200+ MW pipeline of actionable projects over the next five years will be a major contributor towards the long-term goal of 50% renewable energy production by 2030.
- Furthermore, in collaboration with the City of Los Angeles and the local unions, TGC implemented a program to train and employ veterans in building our solar project portfolio.



The 17 MW Westmont rooftop solar installation in Los Angeles, CA. Forming part of our LADWP portfolio, the Westmont project operates on 4 commercial rooftops on one of Los Angeles' largest distribution centers.

⁵ www.americansecurityproject.org/wp-content/uploads/2017/09/Ref-0204-Powering-the-DoD.pdf

⁶ <https://www.sierraclub.org/press-releases/2019/11/los-angeles-commits-100-percent-clean-energy-power-all-electricity-buildings>

⁷ <https://environmentamerica.org/reports/ame/shining-cities-2018-how-smart-local-policies-are-expanding-solar-power-america>

NY Community Solar – (~120 MW to-date; ~300+ MW pipeline):

Through our NY community solar affiliate Solar Farms New York (“SFNY”), TGC has taken several steps to promote the Firm’s ESG goals. These include:

- Enrolling over 14,000 residential electricity consumers at a discount to “brown” power to offset over 120 MWs of carbon-based electricity generation capacity.
- Creating approximately 600 local construction jobs over a period of three years.



The 2.97 MW Boas Road Project is located in Clinton County – Mooers, NY. The Boas Road Project is part of a ~120 MW New York Community Solar Portfolio.

- Grazing sheep on our solar farms as an environmentally sustainable method of controlling vegetation to prevent panel shading, therein maintaining the agricultural use of the land. Replacing conventional grass mowers with sheep aligns with the Firm’s strategy of partnering with communities to come up innovative ways to build and operate assets sustainably. An added benefit of this approach is it employs local shepherds to graze the sheep, providing agriculture jobs to the local economy.

- Providing support to Cornell University’s Atkinson Center for a Sustainable Future on it’s multi-year sheep grazing study on TGC solar farms. PhD students and professors are exploring the optimization of pollinator plant species, soil carbon sequestration, and using land for agriculture and renewable energy generation simultaneously. The goal of the study is to understand and mitigate any potential environmental threats stemming from removal of land from agricultural purposes such as reduced soil carbon storage and loss of habitat.
- Employing over 40 full time sales personnel to work in acquisition and servicing of customers signing up for solar electric power generation credits.
- Contributing through the Fund’s investments over \$72,000 to non-profit throughout New York State that have helped TGC to promote community solar. Contributions include:
 - Towns and villages: \$15,400 to the towns and villages of Norwich, Naples and Waterville.
 - Community centers: \$22,300 to community centers in the towns of Verna, Ellis Hollow and Dryden, including Dryden Youth Opportunity Fund, Dryden Community Center Café and Dryden Sertoma Club.
 - Volunteer Fire Departments: \$9,400 to volunteer fire departments in the towns of Beekmantown, Mooers, Waterville, Altoona, Golden Glow and Oxford.
 - Libraries: \$6,000 to libraries in the towns and villages of Southworth, Mooers, Peru and Penn Yan.
- Conducting numerous meetings at town halls, community centers, and libraries to promote renewable energy.
- Publishing articles in local magazines and newspapers and placing radio spots on several popular radio stations promoting renewable energy and community solar.



Number of Jobs Created
~1,200



% of Jobs Created for Local Communities
~100%



Contributions to Non-Profit Organizations
\$72,000+



Number of Residential Customers (Homes) Receiving Clean Power at a Discount
~14,000

GOVERNANCE

TGC rigorously abides by principles of good governance to protect the interests of its investors, employees and other stakeholders involved in the investment and operations processes. Our good governance considerations are centered around:

- Ensuring workplace safety by meeting and striving to exceed all standards of labor and safety and compliance with applicable laws in jurisdictions where the Firm operates.
- Ensuring the well-being of all employees by offering best in class health insurance, 401-K matching, and profit sharing to promote financial and career advancement. TGC follows a clear performance framework and pays quarterly bonuses to provide continuous performance feedback and eliminate the stress caused by an annual bonus cycle that is common at many investment firms. TGC continues to broaden sharing of the Firm's economics by providing equity participation opportunities to many of its professional employees. The Firm also promotes work/life balance through paid time off, flexible scheduling and remote work policies.
- Offering and encouraging employees to participate in training and career advancement programs to advance their skills. The Firm also provides employees with regular compliance training programs that cover obligations under securities laws and other rules and regulations, the Firm's code of ethics, and equal employment opportunity & anti-discrimination policy, including response procedures on incidents of discrimination, harassment, or retaliation. We encourage early reporting and intervention, which we believe is the most effective method of resolving actual or perceived incidents. The goal of the training programs is to

ensure any potential material and non-material breaches are avoided and that TGC continues to provide a safe and healthy work environment for all our employees.

- Participating in efforts to develop model community solar laws. Notably, the Firm contributes to a project led by the Columbia University's Sabin Center for Climate Change Law that seeks to develop viable means for access to clean, inexpensive solar power for low- and moderate-income communities.
- Focusing on safety given the significant physical asset construction activities inherent to our investment strategy:
 - We aim to have zero serious safety incidents within Distributed Asset Solutions (DAS), TGC's operations and maintenance subsidiary, by implementing consistent health and safety principles and procedures across the organization. DAS leadership personnel have a long track record of successfully implementing Quality, Health, Safety, and Environmental policies in the manufacturing industry.
 - We rigorously evaluate third-party contractors when hiring them to ensure maintenance of standard safety and health procedures. Before contracting we review the safety metrics, OSHA 300 reports and assess safety plans of contractors.
 - During construction we monitor safety performance regularly for both recorded incidents and near misses and we require pertinent measures be put in place to avoid both.
 - As part of major equipment supplier selection, we conduct plant audits and inspections before selection and during production to ensure quality, safety, and compliance with environmental and other regulatory policies.



Workplace Safety

Aimed at ensuring Zero Incidents



Best in Class Benefits

Medical care,
401-K Matching,
Profit Sharing



Training Resources

Skills-based and compliance training programs made available



Regulatory Impact

Participating in efforts to model develop model community solar laws

- Having an actionable Disaster Recovery and Business Continuity Plan to ensure employee safety and wellbeing with little to no disruption to workflow in case of an emergency event. This policy proved effective in January 2020 when COVID-19 infections first appeared in China and then accelerated globally. At that point, potential risks to the Firm and our investments, such as possible equipment supply chain disruptions, were identified

and mitigating actions taken. In early February half of our employees began working remotely and, when a State of Emergency for COVID-19 was declared, all employees began remote work. As a result of the robustness of the Firm's business continuity policies and a positive work culture, the Firm experienced little to no workflow disruption to its operations in a fully remote work environment.



**True Green Capital Management is signatory,
and aligns its investment strategy,
to the Principles for Responsible Investment.**



**TGC is a Supporter of the Task Force on
Climate-Related Disclosures.**

To learn more about True Green Capital Management and our ESG Philosophy please contact:

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About True Green Capital

True Green Capital Management LLC is a specialized energy infrastructure asset management firm with several private equity funds under management. The firm has a 10-year track record of making sustainable investments in the distributed commercial and industrial solar power generation market segment across the United States and is led by a team of professionals with a proven track record and a demonstrated capacity to originate, finance, construct, and operate distributed renewable power generation projects.

www.truegreencapital.com

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