

The UK Stewardship Code

The Stewardship Code aims to enhance the quality of engagement between institutional investors and companies to help improve long term returns to shareholders and the efficient exercise of governance responsibilities. Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at general meetings. The Code sets out good practice on engagement with investee companies to which the Financial Reporting Council believes institutional investors should aspire. It provides an opportunity to build a critical mass of UK and overseas investors committed to the high quality dialogue with companies needed to underpin good governance. By creating a sound basis of engagement it should create a stronger link between governance and the investment process.

The Code provides that institutional investors should:

1. Publicly disclose their policy on how they will discharge their stewardship responsibilities.
2. Have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.
3. Monitor their investee companies.
4. Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.
5. Be willing to act collectively with other investors where appropriate.
6. Have a clear policy on voting and disclosure of voting activity.
7. Report periodically on their stewardship and voting activities.

The application of the Code to investments managed by Climate Change Capital.

The Code is most applicable to the management of companies in which CCC is managing an equity stake in a public or private company, where the company is not wholly owned by the fund or account that CCC is managing. This is of most application to Climate Change Capital Private Equity LP, (“CPE”), a Clean Tech private equity fund whose investors include leading institutional shareholders such as Alpinvest, Robeco, Universities Superannuation Scheme, Alliance Trust and HSBC. The principles set out below are the Principles that will be applied to investments of CPE.

Principle 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

The strategy of CPE is to invest primarily in unquoted companies operating in the Clean Tech sector. In most cases CCC, as the discretionary manager of the Fund, is a highly engaged investor typically having the right, which it exercises, to attend Board meetings of portfolio companies either as a director or observer. In addition, the Fund enters into shareholder agreements and other documentation when it makes investments in unquoted companies. These agreements provide significant protections for the Fund and other investors in the relevant company. In these ways CCC has significant engagement with its portfolio companies. In addition, CCC believes that a thorough understanding of *environmental, social and governance* (ESG) issues is likely to enhance our

perspectives on both the opportunities and risks offered by particular investments. CCC regularly engages with investee companies regarding specific ESG issues in order to develop the risk management, governance and strategy of investee companies.

CCC typically receives monthly or quarterly financial statements from its portfolio companies, which facilitate periodic reviews of the performance of its portfolio companies. In addition, CCC reports to the Fund's investors on a quarterly basis.

Principle 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

In its operations, a conflict of interest in relation to stewardship between the Interests of the CPE's investors and CCC or its staff or other constituencies rarely arise, but CCC continually monitors for conflicts. CPE's Fund documentation promotes alignment between the interests of its investors on the one hand and the Company and its staff on the other, and sets out ways in which conflicts that do arise can be resolved. CCC is aware that its primary responsibility is to its investors for the funds that it manages.

Principle 3

Institutional investors should monitor their investee companies.

See CPE's comments regarding Principle 1.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

See CPE's comments regarding Principle 1. The regular monitoring of the performance of investee companies creates the opportunity to escalate activities to protect and enhance shareholder value.

Principle 5

Institutional investors should be willing to act collectively with other investors where appropriate.

CPE is often one of a number of investors in its portfolio companies and works closely with fellow investors, who may be other institutional investors, corporations or individuals. The shareholder agreements the Fund enters into regulate how investee companies interact with its investors.

CCC is also a member of United Nations Principles for Responsible Investment (UN PRI), which aims to help investors integrate ESG considerations into investment decision making and the operation of investee companies, and supports sharing best practice in active ownership.

Principle 6

Institutional investors should have a clear policy on voting and disclosure of voting activity.

Although CPE invests primarily in unquoted companies we have a policy of active engagement with our investee companies and exercise our votes, where appropriate, at Board and shareholder meetings. In practice, Board and shareholder decisions are made on a consensus basis, and we typically participate in consensus building. We do not have an explicit policy on voting and disclosure of voting activity as it is not a relevant mechanism for us to manage the Fund's investments.

Principle 7

Institutional investors should report periodically on their stewardship and voting activities.

CCC reports to its investors on a quarterly basis on the performance of its portfolio companies. CCC also arranges an annual investor meeting at which management teams of portfolio companies report on the progress of their companies. See CPE's response on Principle 6 as to its voting activity.

Outside CPE , CCC manages funds or accounts that own other private companies either with other joint venturers or 100%. It generally operates a similar policy of active participation in the affairs of the Company, ensuring regular reporting up from the investee company, and the active management of any conflicts of interests.

ESG monitoring and promotion happens across all investments managed by CCC.