TESET
CAPITAL

ESG Policy

Reshaping Infrastructure,
Redefining Possibilities.

2025

This document describes Teset Capital’s approach to the sustainability matters, including the principles which Teset aspires to and the procedure to integrate these principles into its activities. The policy applies to how we invest, manage our fund and investments and conduct our internal operations.

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Our Culture

Teset Capital is an independent private equity firm dedicated to infrastructure investments. Our founders embed Environmental, Social, and Governance (ESG) commitments deeply within our identity. We integrate ESG principles throughout our investment and management strategies, recognising their role in generating sustainable long-term value.

We believe infrastructure to be essential for sustainable community development, impacting sectors including transport, healthcare, education, energy distribution, and waste management. Internally, we uphold principles of transparency, diversity, inclusion, respect, and equal opportunity as fundamental drivers for productivity, talent attraction, and social credibility.

Our core values:

- Independence and teamwork.
- Goal orientation.
- Integrity and trustworthiness.
- Commitment to excellence.
- Creating sustainable and social impacts.
- Diversity of thought and streamlined decision-making.

Governance and Responsibility

Teset Capital appoints an internal ESG Responsible who coordinates sustainability efforts across the board, investment teams, and staff, maintaining alignment with best practices. All employees ensure ESG activities align with our strategic and responsible investment principles

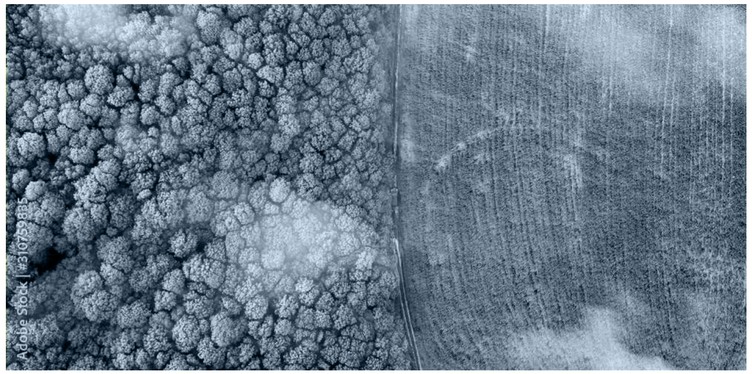
ESG is embedded in our organisational structure through:

- The Board of Directors and Investment Committee overseeing ESG integration.
- The Investment Team managing ESG criteria during due diligence and post-investment monitoring.
- Investee companies assigning internal ESG representatives.
- External ESG advisors enhancing our ESG integration.

Guiding Principles

Sustainability at Teset Capital is instrumental in resilient business practices and aligning interests for long-term value creation. Our principles reflect global best practices and the UN Sustainable Development Goals (SDGs), emphasising:

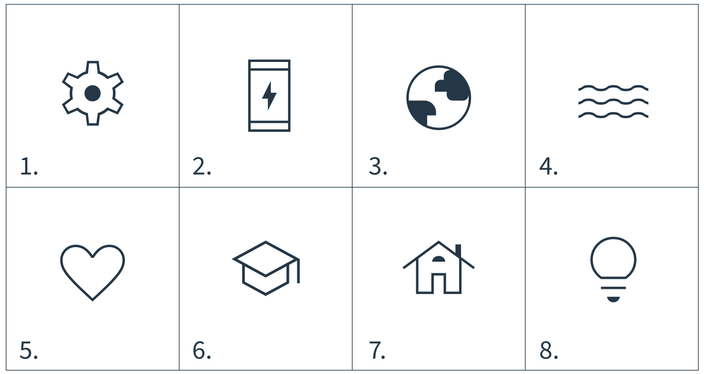
- Long-term, responsible investment.
- Alignment of interests between investors and managers.
- Inclusive and flexible working conditions.
- ESG integration across all investment cycles.



Sustainable Objectives

Teset Capital's investments target the following eight SDGs:

1. Sustainable industrialisation and infrastructure innovation.
2. Development of affordable, clean energy.
3. Mitigation of environmental pollution.
4. Efficient water and waste management.
5. Universal, quality healthcare systems.
6. Universal, quality educational systems.
7. Accessible housing solutions.
8. Technological innovation and productivity enhancement.



1. Exclusion Policy

Teset Capital excludes investments harmful to sustainable development, specifically sectors like tobacco, weapons, gambling, coal mining, and other significantly detrimental activities. Investments must align with OECD Guidelines and UN Human Rights Principles.

2. Sustainable Objectives and SDG Alignment

Our investment processes assess alignment with the UN SDGs using structured questionnaires and scoring systems, monitoring contributions to eight specified goals and related targets.

3. ESG Integration Policy

We integrate ESG criteria to enhance risk assessments and performance evaluations, addressing:

- Environmental factors (climate change, emissions, resource efficiency).
- Social factors (human rights, labour standards, community relations).
- Governance factors (ethical governance, transparency).

Our Risk Assessment Methodology (RAM) systematically incorporates ESG considerations alongside traditional financial metrics to ensure comprehensive analysis.

5. Action Plan

Annually, we outline ESG actions across environmental, social, and governance areas. Progress is tracked semi-annually by the ESG representative, ensuring adherence to strategic ESG goals.

4. Decision Making

The Investment Committee incorporates ESG factors into all investment decisions. External expertise is utilised where additional ESG scrutiny is required, ensuring comprehensive analysis.

6. Post-acquisition and Reporting

We encourage investees to:

- Establish and implement ESG policies.
- Complete ESG performance analyses.
- Regularly report ESG progress against clearly defined KPIs.

Principle Adverse Impacts

In compliance with Regulation (EU) 2019/2088 (SFDR), Teset does not currently consider principal adverse impacts at an entity-wide level due to our size.

Policy Review Process

The ESG Policy undergoes biannual reviews, ensuring continual alignment with emerging sustainability practices and strategic business goals. Changes require approval by Teset Capital's Board of Directors.

For more information, visit tesetcapital.com or contact us at **info@tesetcapital.com**

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