

Operating Principles for Impact Management



DISCLOSURE STATEMENT

Among the many transformational platforms TPG offers to drive meaningful long-term value, TPG's Impact Platform provides investors a way to create meaningful social and environmental impact at scale. TPG Impact Platform Funds consist of The Rise Fund (A), L.P. and TPG Rise Fund (B), L.P. (together "Rise I"), The Rise Fund II, L.P. and The Rise Fund II (C), L.P. (together "Rise II"), The Rise Fund III, L.P. ("Rise III") collectively "The Rise Funds", TPG Rise Climate, L.P. ("TPG Rise Climate"), and Evercare Health Fund, L.P. ("Evercare"), collectively "the Funds". These funds are committed to driving both competitive financial returns and societal benefits at scale. TPG's Impact Platform was launched in 2016 with Rise I, with the goal of putting commercial capital to work towards building profitable businesses that deliver positive social and environmental impact that is measurable and financially sustainable. In 2021 we launched TPG Rise Climate Fund, to capture the investment opportunities in scaling innovative business that meaningfully contribute to climate change mitigation. Today we have built one of the largest private equity impact investing platforms.

We are a global impact investment platform, diversifying across developed and developing markets as macro conditions and specific opportunities evolve. This builds on TPG's long experience as an investor in North America, Europe, Asia, Australia and Africa. The portfolio companies invested in by TPG's Impact Platform are largely growth companies, building on our history as a global growth equity investor.

TPG's unique decision-engine for understanding the environmental and social impacts of capital is Y Analytics, a public benefit LLC founded by TPG to bring together research and rigor to provide best-in-class insights and tools that improve capital allocation and inform investment decisions. TPG's Impact Platform and Y Analytics continue to advance the Impact Multiple of Money ("IMM"), as an evidence-based assessment methodology used to quantify impact, as detailed below in Management Activities related to Principle 1. TPG's Impact Platform utilizes this decision tool as an integral part of pre-investment due diligence—investments must meet both financial and impact aspirations. The tool also enables tracking of Key Performance Indicators ("KPIs") and impact management during the investment hold period.

The Operating Principles for Impact Management Disclosure Statement (the "Disclosure Statement") affirms that TPG Impact Platform Funds have established policies and procedures that govern the process by which investments made through the TPG Impact Platform are aligned with the Operating Principles for Impact Management ("Impact Principles"). The total value of assets under management in the TPG Impact Platform Funds was approximately US \$15 billion as of December 31, 2022.¹

Disclaimer: The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees, or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.

April 28, 2023

A handwritten signature in black ink, appearing to read "MChorengel".

Maya Chorengel
Co-Managing Partner
The Rise Funds

¹ Please refer to Addendum 1



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Independent Accountants' Review Report

Management of TPG Impact Platform Funds:

We have reviewed management of TPG Impact Platform Funds' assertion that the Impact Management Activities for TPG Impact Platform Funds, as described in the Management's Description of Alignment with the Impact Principles section of the TPG Operating Principles for Impact Management Disclosure Statement (the "Disclosure Statement") as of December 31, 2022 are aligned with the Operating Principles for Impact Management ("Impact Principles"), based on the reporting criteria described in Management's Assertion: Impact Management Activities ("Management's Assertion"). TPG Impact Platform Funds' management is responsible for its assertion. Management is also responsible for designing, implementing, and maintaining internal control relevant to the preparation and presentation of the impact management systems to prevent, or detect and correct, misstatements, whether due to fraud or error. Our responsibility is to express a conclusion on Management's Assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to Management's Assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether Management's Assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

The procedures we performed were based on our professional judgment and included:

- inquiring of management, observing select meetings and inspecting a selection of documents to obtain an understanding of TPG Impact Platform Funds' Impact Management Activities;
- inquiring of management to understand the processes and systems used to prepare the Disclosure Statement, observing select meetings and inspecting a selection of documents;
- evaluating Management's Assertion for consistency with the Impact Principles and management's reporting criteria, and other review procedures performed.

Our review was limited to Management's Assertion. Accordingly, we do not express a conclusion or any other form of assurance on any information or content in the Disclosure Statement other than Management's Assertion. The scope of our review does not include an assessment of the suitability of design or effectiveness of TPG Impact Platform Funds' Impact Management Activities to achieve impact and therefore our procedures provide no assurance over the design or operating effectiveness of the Impact Management Activities, nor of the resulting impact achieved.

Based on our review, we are not aware of any material modifications that should be made to Management's Assertion in order for it to be fairly stated.

This report is intended solely for the information and use of the management of TPG Impact Platform Funds in connection with the terms of our engagement. As a signatory to the Impact Principles, TPG Impact Platform Funds is required to disclose its alignment with the Impact Principles. This report is not intended to be, and should not be, used by anyone other than the specified parties.

KPMG LLP

Fort Worth, Texas
April 28, 2023

MANAGEMENT'S ASSERTION: IMPACT MANAGEMENT ACTIVITIES

We are responsible for preparing and presenting the description of TPG Impact Platform Funds Impact Management Activities, which are described beneath each of the nine Operating Principles for Impact Management (the "Impact Principles").² TPG Impact Platform Funds consist of The Rise Fund (A), L.P. and The Rise Fund (B), L.P. (together "Rise I"), The Rise Fund II, L.P., and The Rise Fund II (C), L.P. (together "Rise II"), The Rise Fund III, L.P. ("Rise III"), collectively known as "The Rise Funds", TPG Rise Climate, L.P. ("Rise Climate"), and Evercare Health Fund, L.P. ("Evercare").

We are responsible for our assertion and for the development of reporting criteria that provides an objective basis against which to assess and report on the description of our Impact Management Activities. Our responsibility also includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Impact Management Activities to prevent, or detect and correct, material misstatements, whether due to fraud or error.

We applied the following reporting criteria to assess whether the disclosures beneath each Impact Principle as of December 31, 2022 are prepared and presented in alignment with the Impact Principles through:

- Describing how each impact principle is incorporated into TPG Impact Platform Funds' impact management systems;
- Considering the relevance, completeness, reliability, neutrality, and understandability of the disclosed policies in relation to the Impact Principles; and
- Not omitting or distorting information relevant to the scope of the impact management systems and processes being described, while acknowledging that Management's Description of Alignment with the Impact Principles has been prepared to meet the common needs of a broad range of users and may not therefore include every aspect of TPG Impact Platform Funds impact management systems and processes that each individual user may consider important in its own particular circumstances.

Based on that assessment, we assert that the Impact Management Activities for TPG Impact Platform Funds as of December 31, 2022, as detailed below, are aligned with the Impact Principles.

MANAGEMENT'S DESCRIPTION OF ALIGNMENT WITH THE IMPACT PRINCIPLES

Principle 1: Define strategic impact objective(s), consistent with 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.

Impact Management Activities

- TPG Impact Platform Funds define their strategic impact objectives ("impact objective") as the social and environmental outcomes resulting from a company's services or outputs, which are aligned with the UN Sustainable Development Goals, and which are unlikely to have occurred in the company's absence.
- The Rise Funds core sector focus includes: Climate and Conservation, Education, Financial Inclusion, Food and Agriculture, Healthcare and Impact services. TPG Rise Climate's core sector focus includes: Carbon Solutions, Energy Transition, Green Mobility, Sustainable Fuels and Sustainable Materials and Products. In general, TPG's Impact Platform Funds themes and choice of areas of focus draws from a subset of sectors in which TPG has had historical investing experience that also align with the United Nations Sustainable Development Goals (UN SDGs), as demonstrated in the following table. We emphasize sectors with strong investment tailwinds to support building financially sustainable portfolio companies and to deliver desired financial returns for our clients.

² The 2019 Operating Principles for Impact Management ("the Impact Principles") were developed by the IFC as a framework for investors for the design and implementation of their impact management systems, ensuring that impact considerations are integrated throughout the investment lifecycle.

CORE SECTOR FOCUS	IMPACT OBJECTIVE	UN SDGS
CLIMATE AND CONSERVATION	<p>Avert or remove GHG emissions through investments in clean electrons, clean molecules and materials, and negative emission solutions to address climate change. Increase vulnerable populations and ecosystems' resilience to the effects of climate change through investments in adaptation.</p> <p>This also encompasses TPG Rise Climate sectors: Carbon Solutions, Energy Transition, Green Mobility, Sustainable Fuels, and Sustainable Materials and Products.</p>	      
EDUCATION	<p>Increase access to quality education in developed and developing countries.</p>	 
FINANCIAL INCLUSION	<p>Increase access to financial services for low- and moderate-income individuals and reduce inequalities stemming from financial exclusion.</p>	   
FOOD AND AGRICULTURE	<p>Address challenges related to GHG emissions from agriculture, food waste and loss, land, and land and water use to sustainably meet increasing food demand.</p>	    
HEALTHCARE AND IMPACT SERVICES	<p>Increase access to affordable and quality healthcare for underserved populations, through investments in areas such as behavioral health and pediatrics. Identify and scale innovative solutions that improve patient outcomes in areas of high unmet need.</p>	

We specifically seek opportunities that align with our impact guideline (as further defined in Management Activities related to Principle 2 below) and growth potential as well as meaningful Impact Multiple of Money ("IMM") as a result of the evidence-based impact underwriting as performed by Y Analytics, in order to maximize our contribution to the impact outcomes outlined in the relevant UN SDGs and align with our Impact objective. Our Impact Multiple of Money (IMM) and Carbon Yield (CY) methodologies encompass the theme of collinearity between the financial returns and the impact enabled by a company's products and services.

- The IMM methodology was deployed by TPG Impact Platform Funds to assess the social and environmental benefit ("impact") of each portfolio company held by the Funds. The core components of the IMM are anchored on the five dimensions of impact, developed by the [Impact Management Project⁹ and its practitioner community of over 3,000 enterprises and investors](#)—what, who, how much, contribution and risk. The methodology furthers these principles by building a quantified impact per dollar investment framework, based on external research and company-specific information. The IMM harnesses rigorous third-party research to estimate the net social and environmental impact return of potential investments.

The IMM helps govern the process by which the impact objectives and investment strategy are aligned across our portfolio. The below steps outline the key components of estimating the IMM of a potential investment and of determining if a potential investment aligns with our impact investment guidelines.

1. Assess the Impact Alignment and Potential Social and Environmental Outcomes: The impact assessment process starts by evaluating the thematic and SDG impact alignment of a company's product or service. This is complemented by a scan of the evidence base to determine whether there is rigorous, external research substantiating the efficacy of the particular intervention contributing to the solution of social and environmental problems.
2. Estimate Breadth of Impact: As a next step, we estimate the breadth of impact, which is based on the financial underwriting to determine the number of beneficiaries expected to be reached by the company's products and services. Anchoring on the financial underwriting creates alignment between the IMM and the financial performance of the business.

3. Estimate the Depth of Impact: The impact depth relates to the efficacy of the product or service in driving social or environmental impact objective. It is based on external third-party research, relevant to a subject matter that is as closely aligned to the product or service of the company as possible.
4. Translate into the Economic Value of Impact: This component of the IMM helps translate impact into monetary terms. It is also based on external research. Examples of it include the social cost of carbon and expected lifetime earnings of a university graduate.
5. Include the Counterfactual (Above and Beyond): Enterprise additionality is a key feature of the IMM, which gives credit only for the portion of impact that would not have occurred in the absence of the company. It creates alignment with the investment strategy by giving high impact attribution to differentiated portfolio companies, operating in under-penetrated markets with fewer providers already delivering impact.
6. Adjust for Risks: We recognize the risk that research will not always be perfectly aligned with the context of a given investment opportunity. We use a rubric to capture rigor, product similarity, target population similarity, and number of assumptions or studies required to move from outputs to outcomes.
7. Account for Duration of impact: The IMM takes into account the longevity of the impact, which the Funds are committed to considering and advancing, by including a discounted value of future impact post-exit.
8. Calculate IMM: We multiply the estimated impact by the percent ownership stake that the Funds hold in the company. We then divide by the total amount of capital invested to generate a ratio of impact estimated for every dollar invested.

- A detailed overview of the IMM methodology can be found in Harvard Business Reviews' [Calculating the Value of Impact Investing and Y Analytics' Evidence-based Impact white paper](#).⁴ The IMM has been adapted into a decision tool for TPG Rise Climate deals focused on Climate change mitigation, called Carbon Yield (CY), which measures the metric tons of CO₂ equivalent emissions averted or removed per \$100 of investment. It shares the main building blocks of the IMM but is slightly adapted to the TPG Rise Climate context. We consider our IMM methodology to be credible as it is based on evidence based third-party research around a variety of topics from economics, climate, medicine, or social sciences which helps us move from outputs to outcomes to estimated net impact that the company's products and services will provide to beneficiaries. For deals, whose primary impact is through GHG emission reduction or removal, we measure impact with the CY. For deals that have social impact alongside with GHG emissions, we continue to use the IMM. The full CY methodology is available under the [Evidence Based Impact in Climate](#).⁵
- By nature of collinearity, the impact is commensurate with the scale and performance of the company. During the period during which TPG Impact Platform Funds own the investment (the Hold Period), we manage, collect and track Impact KPIs associated with each portfolio company, identified through the impact underwriting process and part of the IMM methodology. Approximately four times per year, we measure and monitor the impact generation of each portfolio company across our impact platform based on KPIs to date to understand progression and alignment with our impact investment objective. Upon disposition of the investment, the final IMM calculation is updated with the latest evidence-based research available at the time of exit and overlaid with actual performance KPIs provided by the portfolio company during the Hold Period.

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.

Impact Management Activities

- The TPG Impact Platform Funds establish a guideline consideration for impact achievement (impact guideline considerations) that is expected for each portfolio company and for each impact fund in its entirety. This approach guides the selection of portfolio companies in which each fund invests, and the impact management program established for each portfolio company. In some cases, such as when the product or service may be too bespoke such that the evidence base does not support the development of an IMM underwriting, management can exercise general partner (GP) discretion in making the decision to invest. In such cases the conviction around the impact potential of the company is determined by TPG Impact Platform Funds and Y Analytics based on contextual impact information, such as societal need and enterprise additionality. If the investment is made, to the extent feasible, there will be impact management engagements to establish the evidence base on impact efficacy by working with the portfolio company, either through detailed customer surveys or through other research tools. Company and fund-level IMM is tracked and managed on a quarterly basis. This provides visibility into impact generation relative to the ex-ante IMM assessment and informs the approach to impact management activities with the portfolio companies.
- Our impact decision-making and managerial tools encompassed in our IMM methodology each capture the estimated social and environmental value of the impact created by a company and the efficiency of the capital deployed to achieve that impact. The approach is operational, at scale and builds upon several principles from within impact investing, such as Social Return on Investment and the Impact Management Project's Five Dimensions of Impact.
- To establish and monitor impact performance, human resources such as internal investment teams, business building teams, and leadership of TPG Impact Platform Funds, may be deployed to support operational performance of the portfolio companies held by the Funds. This deployment includes participation in the Board of Directors of various portfolio companies by the Funds investment and management teams and has included, from time to time, oversight of operations and business activities by select partners of the Funds as well as members of the Y Analytics team at the physical location of the portfolio companies.

⁴ Retrieved on April 24, 2023

⁵ Retrieved on April 24, 2023

- Staff incentives are aligned with the achievement of impact through the annual evaluation of performance against internal impact-related competency requirements. Specifically, the individual performance evaluation process takes into consideration ownership of the impact underwriting process during investment evaluation and command over impact pathways and relevant research and analyses, tracking targets and delivering on impact achievement as compared against the underwritten IMM methodology, objectives for portfolio companies, and maintaining intellectual leadership of impact topics.
- On a quarterly basis, management of TPG Impact Platform Funds track and measure the performance of the portfolio companies of the TPG Impact Platform Funds by updating the financial valuation and estimated actual impact with current source data from the portfolio companies. To understand and monitor progress relative to expectations at underwriting, management of the funds also perform analytical procedures on internal metrics used for decision making as well as the funds impact and financial performance information to be communicated to investors.
- Finally, Environmental, social and governance (ESG) is a core component of both the due diligence process prior to investment and integrated into the management of portfolio companies. ESG goals are also incorporated into the evaluation of TPG's investment teams. These processes enable us to establish and monitor a more holistic understanding of impact performance—and, where appropriate, active discussion—of ESG performance for all investment opportunities, including identifying ESG-related risks, challenges, and opportunities for ESG performance enhancement and value creation. Often at the earliest stages of the process whereby portfolio companies are evaluated for investment by TPG Impact Platform Funds, an explicit, investment-specific consideration of financially material sustainability and ESG performance factors is undertaken. These reviews incorporate and are guided by a mix of standards and experience-based criteria, including leading third-party frameworks, diagnostics to identify ESG-related risk, materiality and value, deal team data and support, and experience-based insights from professionals within the firm.

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.

Management Activities

- TPG's Impact Platform Funds investment strategy is to be a growth equity investor and partner to management teams of businesses that have products and services that provide net positive impact benefits to underserved people and the planet. Our decisions to allocate capital help demonstrate the commercial opportunity in impact-focused businesses and help portfolio companies to achieve commercial scale more quickly, while preserving and protecting their commitment to social and environmental impact.
- In addition to financial capital, we also provide human capital. Our investment teams are deployed to support financial and impact performance of the portfolio companies held by TPG Impact Platform Funds. This includes participation in the Board of Directors of various portfolio companies providing access to knowledge, resources, oversight of operations and business activities by select partners of the Funds. We also have additional capabilities such as bringing additional resources to the company through our business building teams, Y Analytics unique capabilities in research, analytics and impact advisory, our network of Senior Advisors, and the resources of The Rise Funds Global Advisory Board, and [TPG Rise Climate Coalition](#)⁶, to amplify the impact of each portfolio company.

- One of the core principles of our impact decision tools and management underpinning the credibility of the approach, is that our process is evidence based where research and evidence allow us to move beyond intent to greater confidence about the impact efficacy of a company. Every impact assessment at underwriting is underpinned by rigorous and context-aligned third-party research from economics, climate, medicine, or social sciences which helps us move from outputs to outcomes to estimated net impact that the company's products and services will provide to beneficiaries. Y Analytics identifies reputable, third-party research that is as aligned with the context of the company, its products, services, and target markets and populations, as possible. This research is used to establish the evidence on the link between the company's output and impact outcomes.
- The IMM is based on a critical review of potential positive and negative impact pathways. We multiply the estimated impact by the percent ownership stake that the funds hold in the company. We then divide by the total amount of capital invested to generate a ratio of impact estimated for every dollar invested. We document the company outputs as well as outcome and efficacy estimations and assumptions from studies that will drive impact and use those as the basis for ongoing management of impact with each portfolio company. We estimate the impact performance of our portfolio companies and review them on a regular cadence, mainly through the quarterly data collection process where we collect impact KPIs identified during the IMM underwriting process for each investment and benchmark them against the underwritten IMM to assess impact performance over time.
- We consider one of TPG Impact Platform Funds contributions to the achievement of impact the "crowding in" of institutional investors to the impact investing space. We seek capital investment from institutional and high net worth investors that have not previously invested in impact funds, thus bringing new capital at scale to impact investing.
- In addition, we see as another contribution the development of impact investing team members who can align with the requirements of institutional investor capital. We draw on the internal resources of TPG to work with TPG's Impact Platform Funds dedicated and shared teams to develop processes, policies and standards that are aligned with the requirements of institutional investors.

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, be aligned with industry standards and follow best practice.

Management Activities

- We assess the expected impact of our investment as a core part of our investment process. The alignment of a prospective investment with the relevant impact objective of each of TPG Impact Platform Funds in terms of SDG alignment, sector focus and potential to meet the impact guidelines embodied in our IMM analysis framework is fundamental criteria. Ultimately, the intended impact is measured in social and/or environmental metrics, corresponding to the business services and operations of each portfolio company.
- TPG Impact Platform Funds deploy TPG's impact and ESG assessment affiliate, Y Analytics, to assess the potential impact of each investment using the IMM methodology during due diligence, prior to an investment in a portfolio company. Each impact analysis is presented to the Funds Investment committee discussions alongside underwritten investment performance as part of the investment committee consideration of each opportunity (consideration factors described in detail under Principle 1).

The first part of the impact assessment process is to identify whether the company is likely to generate impact aligned with the SDGs through its products and services and that are above and beyond what would have happened in its absence. This step is informed by close examination of the company's business model, mission, and its main products and services and whether there is a rigorous evidence base indicating that they can be efficacious solutions to the social or environmental problem. In order to determine the breadth of impact, we anchor our estimation on company and investor projections about the output of the company. We examine the external third-party research base in order to determine the significance and magnitude of the impact depth of the company's interventions in solving the social or environmental problem.

The intended impact focuses on the demographic of the community being served/impacted by the products and/or services offered across the corresponding countries and geographies where the portfolio company has operations and presence. The impact pathways that are social in nature are attributed at the individual beneficiary level—such as the students experiencing improved learning outcomes from an EdTech intervention and the patients benefiting from a healthcare service. Their number is anchored in the company projections and investor financial models. TPG Impact Platform Funds intended target population for delivering impact are low- and moderate-income individuals, defined as below the 70th percentile of US household income, Purchasing power parity (PPP) adjusted. For environmental impact from climate change mitigation solutions, the impact delivered is a public good, which means that everyone experiences the impact. Hence, the methodology is agnostic as to who experiences these types of impact.

- To determine the significance and magnitude of the estimated impact we rely on independent and reputable third-party research of the efficacy of interventions closely aligned to the deal context we are evaluating. We anchor on the most rigorous research available (such as randomized controlled trials published in leading economics or medical journals) that are as closely aligned to the deal context as possible—we evaluate the alignment of the product or service of the company with the intervention studied in the research, along with assessing the similarity of the country and target population group context.

- Likelihood of impact achievement is captured by a consistent risk discount rubric. This rubric accounts for lack of perfect alignment between the product or service evaluated with the third-party research. The risk rubric is made of categories such as rigor, product similarity, population group, and linkages. The last component captures how many major assumptions or studies are needed to link the company's outputs with impact outcomes.
- Within our process, TPG Impact Platform Funds identify the impact metrics and KPIs against which impact performance will be assessed. We work with our investees on the relevant impact metrics that should be captured in management dashboards and which will be provided on a regular quarterly and annual reporting basis (unless otherwise noted). We reinforce this objective by including reporting terms in investment documents, through our active participation in Boards of Directors and through our engagement with investees. We align every KPI to the context of the company and align KPIs to applicable UN SDGs. While there may be overlaps with industry indicators such as Impact Reporting and Investment Standards (IRIS+) which is a public good managed by the Global Impact Investing Network (GIIN), Harmonized Indicators for Private Sector Operations (HIPSO) or the Joint Impact Indicators (JII), we refer to them as a validating source, however we do not actively use them.
- Impact metrics and KPIs are reviewed on a quarterly cadence by TPG Impact Platform Funds investment teams, portfolio reporting teams and leadership to assess impact performance, consider opportunities to increase impact and determine the scale of impact being delivered, in keeping with the objectives of the Funds to drive impact results at scale.

Principle 5: Assess, address, monitor and manage potential negative pathways 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 industry practice. As part of portfolio management, the Manager shall monitor investees' ESG and impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Management Activities

- During due diligence, we estimate an Impact Multiple of Money metric for every company we consider for investment. The IMM is based on a critical review of potential positive and negative impact pathways. The estimated impact is based on an enterprise's expected outputs (breadth); independent, third-party research estimating the impact of these or similar activities (depth); the dollar-value equivalent of such impact (value); and adjustments for confidence in the underlying research (risk) and the durability of impact (longevity). Ultimately, the IMM metric is a ratio of the total estimated social and environmental impact multiplied by Fund Stake defined as the ownership percentage divided by the capital invested, defined as the equity invested in each portfolio company. We document the company outputs as well as metrics and assumptions from studies that will drive impact and use those as the basis for ongoing management of impact with each portfolio company. Discrepancies between the underwritten and estimated actual impact are discussed during quarterly meetings or as needed, along with potential causes and remediations.
- For our investments, we incorporate agreed impact goals in our value creation plans for each company in a manner that is collinear with commercial results. Value creation plans cover a wide range of topics, most notably: sector expertise, functional depth, intellectual property, human capital and overall TPG ecosystem partnerships and key resources. All with the focus to expand and identify business verticals that drive business growth and incremental impact.

- Negative pathways are included in the IMM underwriting when the business model presents a negative impact to individual beneficiaries or the environment above the counterfactual (what would have happened in the business-as-usual scenario) and can represent ESG risks. These are most often cost pathways, capturing the cost of accessing a product or a service. For example, in an education deal, the cost of attaining a university degree is monetized alongside the benefits of lifetime improvements in earning potential as a result of the attained degree. Another example, from a climate deal, is the electricity usage required to produce a product, such as a plastic alternative. Negative pathways are netted against positive pathways in the IMM and the net IMM result is assessed against the TPG Impact Platform Funds guidelines, though the nature and magnitude of these negative pathways is described and discussed with the Investment Review Committee as discreet pathways contributing to the overall impact. In the case of investment, negative impact pathways are monitored as part of the impact tracking and management process and managing their magnitude in case the likelihood of their increase over time is high is one potential focus of the portfolio company impact management engagements.

We also undertake ESG reviews and incorporate ESG action plans with buy-in from management of our portfolio companies. We monitor and review progress relative to our value creation plans as part of our quarterly portfolio company review of investments and more frequently as necessary. We also evaluate company performance on various ESG factors, grounded in financial materiality. These additional assessments provide context for interpreting the Impact Multiple of Money and Carbon Yield metrics in light of other risks and considerations, helping to provide a more holistic view for impact-minded investment professionals to make their decisions. Similar to how we assess, address, monitor and manage potential negative impact pathways in Principle 2, we apply the same engagement activities to support management of the portfolio companies.

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

The Manager shall use the results measurement 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.

Management Activities

- As part of our underwriting process during due diligence on prospective investments, we document expected commercial performance, financial returns and impact returns, both qualitative and quantitative, of each investment in investment memos that are submitted for discussion to the Investment Committee of TPG Impact Platform Funds. Note that the impact analysis for each prospective investment is conducted primarily by our affiliate, Y Analytics. This serves as the primary basis for monitoring and evaluating the impact performance of each portfolio company once the investment is made.
- Once an investment is made, the portfolio management team for the impact platform manages the onboarding of the company into the TPG data collection systems. As with financial data, KPI's and other relevant metrics are collected on a quarterly cadence. We document company outputs as well as KPIs, metrics and assumptions from relevant third-party studies that describe how similar products and services have the potential to drive impact and use those analyses as the basis for ongoing management of impact with each portfolio company. We align every KPI to the context of the company and align KPIs to applicable UN SDGs; while there may be overlaps with industry indicators such as IRIS+, HIPSO or the Joint Impact Indicators (JII), we have referred to them as a validating source, however we do not actively use them.

- Discrepancies between the underwritten and estimated actual impact, as defined in the projected IMM for each investment, are discussed during quarterly meetings with the portfolio management team, and as needed, along with potential causes and remediations. Impact management initiatives are implemented as part of value creation plans and regular business initiatives to drive towards meeting impact results expected for each investment—and if results fall short these are documented in quarterly reports and initiatives to improve results are undertaken in partnership with management.
- The Y Analytics team leverages their impact advisory, research and analytics capabilities, along with learnings from the impact underwriting on key impact levers, to help drive impact management engagements with portfolio companies. These engagements are focused on managing and maximizing impact and can be related to areas such as early-stage company set-up, new product development, and thought leadership.

The progress of each investment in achieving impact (and whether performance is above, below or at expectation) is also documented in the TPG Impact Platform Funds Impact Report on an annual basis, management of the TPG Impact Platform Funds and Y Analytics review third party research relevant to the respective IMM calculation for portfolio companies held by the Funds.

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.

Management Activities

- Management of the TPG Impact Platform Funds identifies collinearity between the business and impact outcomes of portfolio companies held by the Funds, noting that collinearity improves the sustainability of the impact objective subsequent to the Funds exit. The IMM methodology applied to measure estimated and actual impact considers the post-ownership probability of impact continuation and output delivery.

- The investment objective around our Impact Platform portfolio company investments is centered around financial and impact considerations, and the collinearity between these outcomes. Most of our investments are collinear. The collinearity of pre-revenue portfolio companies is tracked by monitoring progress towards key milestones to launch during the pre-revenue stage.
- We provide a range of capital, but primarily directly to companies in the form of equity (or convertible debt). Our influence over exit decisions is correlated with the type of capital and mode of investments and often is encapsulated in governance rights over exit decisions.
- We consider potential exit options from the outset and we consider impact dilution risk as the business scales or through changes in ownership during our due diligence process. In our estimation, the collinear nature of the business model is the best defender of sustaining the impact of the company—the acquiror will want to preserve the existing, purpose driven impact objective of the company because it also is the key driver of commercial success.
- Overall, exits will be determined taking account of impact considerations in the best interests of the future of the company, and our fiduciary responsibility to our clients. Our influence over exit decisions will depend on a range of factors including our level of ownership, our governance rights and our alignment with management teams on the best outcomes for the company.

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.

Management Activities

- An estimated actual impact, net of potential negative impacts, is determined for each portfolio company held by the funds by applying the IMM methodology to determine estimated actual impact results compared to underwritten impact for each investment over the comparable investment horizon. Discrepancies between the underwritten and estimated actual impact are discussed

in quarterly meetings or as needed, along with potential causes and remediations and upon exit through an exit assessment. This review process allows management of the funds to identify which pathways can lead to sustainable impact and improve future underwriting.

- The process that we defined to review impact results and improve decisions and processes is executed in tandem with our colleagues at Y Analytics, who continue to evolve our IMM methodology and assist with company engagement in order to increase the effectiveness of our impact management processes. Insights from this process are used to define and refine our investment themes, operational due diligence, and company engagement models to amplify our impact targets for future investments to improve operational and strategic investment decisions.

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

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

Management Activities

- Our assertion in this Disclosure Statement affirms the alignment of our Impact Management Activities for TPG Impact Platform Funds as of December 31, 2022 with the Impact Principles. We expect to update the Disclosure Statement annually.
- We obtained limited assurance from an independent accountant on this assertion and obtain limited assurance every three years.

Operating Principles for Impact Management



ADDENDUM 1

LEGAL NOTICE

Proprietary Information

This Disclosure Statement was published on April 28, 2023, by TPG for informational purposes only. TPG does not undertake to update any information provided in this report. Certain information and data provided in this document is based on TPG proprietary knowledge and data. Portfolio companies may provide proprietary market data to TPG. Such proprietary market data may be used by TPG to evaluate market trends as well as to underwrite potential and existing investments.

ESG and Impact

The ESG or impact goals are purely voluntary, are not binding on investment or voting decisions and/or TPG's management of investments and do not constitute a guarantee, promise or commitment regarding actual or potential positive impacts or outcomes associated with investments made by any of the Funds. TPG has established, and may in the future establish, certain ESG or impact goals, targets, and initiatives, including but not limited to those relating to providing products or services to underserved populations and greenhouse gas emissions reductions. Those statements, and any other statements regarding our future direction and intent represent goals and objectives only. TPG's ESG and impact program is subject to TPG's and each of the Fund's fiduciary duties and applicable legal, regulatory, and contractual requirements and is expected to change over time. Further, statistics and metrics relating to ESG and impact matters are estimates and may be based on assumptions or developing standards (including TPG's internal standards and policies).

The United Nations Sustainable Development Goals ("SDGs") are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. Accordingly, investors should not place undue reliance on TPG's application of the SDGs, as such application is subject to change at any time and in TPG's sole discretion.

Similarly, there can be no assurance that TPG's Impact Management Activities as described in this document will continue; such policies and procedures could change, even materially. TPG is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG or impact initiatives based on cost, timing, or other considerations. There are a variety of ESG and impact principles, frameworks, methodologies, and tracking tools; TPG's adoption and adherence to those discussed herein or to any others is expected to vary over time as ESG and impact practices evolve. ESG and impact factors are only some of the many factors TPG considers in making an investment, and there is no guarantee that TPG will make investments in companies that create positive impact or that consideration of ESG or impact factors will enhance long-term value and financial returns for limited partners. To the extent TPG engages with portfolio companies on ESG or impact-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the financial or ESG or impact performance of the investment. In addition, the act of selecting and evaluating material ESG or impact factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by TPG will reflect the beliefs or values, internal policies or preferred practices of investors, other asset managers or with market trends.