



INVESTMENTS
WITH PURPOSE
FOR PROFIT
BY PEOPLE
FROM TRIPLE POINT



Triple Point
HEAT NETWORKS
INVESTMENT MANAGEMENT

Triple Point

**Green Heat Network Fund
(GHNF)**

Environmental, Social and Governance (ESG)

Updated as of June 2025

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About Triple Point ESG integration

Triple Point has made a clear commitment to sustainable business within our company mission. As part of this firm-wide commitment, each investment team has undergone a detailed investment-process review to create an individual ESG programme, capturing the specific ESG requirements of our different investment products. These have been summarised in ESG integration policies prepared for each team. These policies are in addition to Triple Point's Responsible Investment Guide, which outlines key responsible investment positions adopted by Triple Point Group.

This policy applies to the investment and reporting processes associated with Triple Point Investment Management LLP's ('Triple Point') management of the Green Heat Network Fund (GHNF).

About GHNF

GHNF is a capital grant fund that opened in Spring 2022. It provides support to organisations in the public, private, and third sectors in England offering commercialisation and construction funding for heat network projects. It continues to build on the progress and development made by the Heat Network Investment Project (HNIP), run by Triple Point¹, and the Green Heat Network Fund Transition Scheme.

Heat networks (sometimes referred to as district heating) are a distribution system that takes heat from a centralised source and delivers it to a number of different buildings. These heat networks also form an important part of the Government's plan for the future of low carbon heat, particularly in our densely-built towns and cities. Heat networks can decarbonise more easily compared to most other heat sources because new technologies can be added to the system with little disruption to individual consumers. In addition, all GHNF projects are required to produce low carbon options for heat networks,

going further than the earlier HNIP project. They provide a unique opportunity to exploit larger scale, renewable and recovered heat sources that can't be accessed at an individual building level. Heat networks are incredibly efficient stores of energy. As such they're an effective solution to the intermittency of renewable energy supply and can reduce the energy demand of the grid at peak times, lowering the cost of the UK's transition. It is estimated by the Committee on Climate Change that around 18% of UK heat will need to come from heat networks by 2050 if the UK is to meet its carbon targets cost-effectively. The Department for Energy Security and Net Zero ('DESNZ') expect that heat networks will have a strong role to play in delivering low carbon heat to homes and businesses in future.

The GHNF will provide capital grant support for both the commercialisation and construction of new low and zero-carbon heat networks, along with the retrofitting and expansion of existing ones. Schemes must deliver low carbon heat at a volume of heat that is consistent with our strategic objectives for heat network market growth in England. Operating on a principle-based approach for cost eligibility, the GHNF will set out what it will not fund rather than specifying a list of what is eligible.

Under the programme, grants are awarded in line with a clear set of eligibility criteria laid out by the Government. To ensure this eligibility criteria is fully met, Triple Point employs specialists in the assessment process, who ensure projects are viable and deliverable. After funds are deployed, Triple Point is responsible for ensuring projects adhere to a monitoring and reporting regime. While the eligibility criteria of the Government dictate grant decisions, Triple Point proactively works with DESNZ to embed high levels of ESG business practice in those projects selected for funding, in line with our broader role as a responsible investor.

¹ Until 31 March 2025, Triple Point was the Delivery Partner to DESNZ for HNIP, which has previously been subject of a separate ESG Integration Policy. While the HNIP contract has now ended, Triple Point is undertaking monitoring and reporting of HNIP investments under the new GHNF Supplementary Contract which was entered into on 30 April 2025. This policy would apply to any such HNIP activity carried out under the new GHNF Supplementary Contract.

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1. BACKGROUND AND CONTEXT

Founded in 2004, Triple Point has successfully invested in a range of businesses and organisations. We strive to identify and unlock investment opportunities that have purpose, so we can help people and planet, while generating profit for investors.

For Triple Point, sustainability is defined as the consideration of both the current and the future state of the planet for all its inhabitants, to make decisions that will protect, improve, and not exploit people or the environment. We believe doing so results in better outcomes for our business, our customers, and society.

Our definition is built on our belief that the economy, environment and society are an interlinked system which will only function successfully if the boundaries of each are understood and respected. Society needs a sustainable economy, which takes account of this system and its boundaries, allowing people today to thrive without compromising the success of future generations.

We believe that capital markets can be a force for good to this end, and that they must be if a sustainable economy is to emerge. Our approach to sustainability consists of three steps:

Understanding the challenges - we ask of all our activities how they will contribute, or not, to a more sustainable economy.

Leading by example - by exhibiting behaviours and judgment that demonstrate our sustainability commitments and reassure our customers we act as a trusted partner.

Picking the best assets - providing funding to assets and businesses capable of thriving in a sustainable economy, while driving long-term profits for our clients.

Outcomes relative to this approach are published in an annual sustainability report - the [Triple Point Blue Book](#).

To support our sustainability commitments, Triple Point has designed and implemented a series of ESG integration policies across its various investment strategies. The purpose of each policy is to identify, monitor and manage ESG issues to minimise the risk of Triple Point investing in ways that could undermine our ESG principles.

We continuously review our ESG integration activities through our governance structures and this policy is updated annually to reflect the activities undertaken. Triple Point's sustainability commitments are governed through three core elements.

First, all investments must be approved by the Triple Point Investment or Credit Committee, whose members receive ESG training. This review process ensures investment decisions are aligned with the strategy's ESG commitments and the organisation's ethos on corporate responsibility and responsible investment.

Second, Triple Point has a Sustainability Group which meets quarterly. The group reviews sustainability activities across the business including agreed KPIs, with members consisting of the two Managing Partners and key relevant business function heads. The meetings are minuted by the Company Secretary.

Reporting into this group is the Sustainable Investment Subgroup. This subgroup is responsible for discussing deals which present complex ethical, responsible, or sustainable investment issues.

Third, Triple Point's Head of Sustainability is responsible for running an annual ESG performance review of ESG integration by each strategy, to ensure teams are implementing the ESG activity committed to. The results and follow-up action of this review are shared with the Sustainability Group and with the investment teams.

2. RATIONALE FOR ESG INTEGRATION WITHIN OUR GHNF INVESTMENTS

Triple Point is a trusted partner to the UK Government in the deployment of grants for the commercialisation and construction of green heat networks. At the heart of the project is the Government's mission to deliver its Clean Growth Strategy.

The positive environmental purpose of this project aligns well with Triple Point's role as a responsible investor.

Heat networks will be vital to making net zero a reality in the UK. They are a proven, cost-effective way of providing reliable, efficient, low carbon heat at a fair price to consumers, while supporting local regeneration. There is also emerging evidence to suggest that their displacement of gas boilers reduces local air pollution.

In recognition of their importance to the future energy mix, the Committee on Climate Change have estimated that around 18%² of UK heat will need to come from heat networks by 2050 if the UK is to meet its carbon targets cost effectively.

Heat networks are an established method of distributing heat that can utilise otherwise wasted energy, provide grid balancing services in an increasingly electrified heat market, and offer low carbon heat at competitive prices to households and businesses alike. They are uniquely able to unlock otherwise inaccessible sources of larger scale renewable heat and work within a hydrogen economy at the same time. They can also be used to provide cooling, helping UK cities adapt to climate change and the urban heat island effect — a phenomenon where urban areas become significantly warmer than surrounding rural areas due to human activities and dense infrastructure.

Triple Point has been selected as a partner in the deployment of grants due to our ability to deliver strong financial expertise, alongside a robust project application and selection process. Embedded in our provision of financial expertise is our role as a responsible investor.

While the environmental purpose of this project is aligned to our role as a responsible investor, Triple Point believes that even the most well intended projects can have their potential positive outcomes undermined. They still need to be managed with due consideration for a wide range of ESG factors – for example through poorly managed supply chains, or as a result of failing health and safety measures.

The Delivery Partner team is responsible for social value creation; and in administering the investments, investee projects have to make Market Transformation Commitments. For the purpose of this document, 'ESG' refers to either or both of these aspects of the programme.

By ensuring a foundation of ESG integration exists within the heat network projects selected, alongside the positive environmental benefits they can deliver, Triple Point can enhance the service value it brings to the relationship.

The GHNF objectives are to:

- Achieve carbon savings and decreases in carbon intensity of heat supplied.
- Increase the total amount of low carbon heat utilisation in heat networks (both retrofitted and new heat networks).
- Contribute towards market transformations across the investment landscape and supply chain to better prepare the heat network sector for further decarbonisation.



² Department for Energy Security & Net Zero (2023) Energy Security Bill factsheet: Heat networks regulation and zoning <https://www.gov.uk/government/publications/energy-security-bill-factsheets/energy-security-bill-factsheet-heat-networks-regulation-and-zoning>

3. APPROACH TO ESG INTEGRATION

OUR APPROACH

Core to our commitment to being a sustainable and responsible investor is the integration of environmental, social and governance factors into our investment analysis and decision making.

Understanding ESG factors provides an additional layer of insight into the risks and opportunities affecting our partners and our grants both now and in the future. We have combined our experience in the deployment of the Heat Networks Investment Project funding with our responsible investment commitment, and expertise in ESG integration and impact creation, to deliver an aligned and value-added approach to all aspects of the Green Heat Network Fund, including the delivery of measurable social value.

The size and nature of the green heat network, as well as its location, operational environment and stage of the project cycle are all important differentiators in the ESG profile of a project. However, there are also a number of systemic ESG issues that are important to establish and understand for all assets. This is because they may affect the longevity of an infrastructure asset's value. For GHNf project applications, we consider these material ESG issues to be as follows:

Environmental

All schemes must deliver low-carbon heat at a volume of heat that is consistent with DESNZ strategic objectives for heat network market growth in England. Operating on a principle-based approach for cost eligibility, the GHNf sets out what it will not fund rather than specifying a list of what is eligible. We also seek to understand water use and discharge, levels of waste generated, avoided, and disposed of, approach to raw material sourcing, and supply chain sustainability.

Social

We seek information on the asset's fit with a more sustainable and inclusive economy, including relevance/appropriateness to the locality. We seek reassurance of good customer relations, including no consumer detriment, and that standards of metering and billing are adhered to. We also require applicants to commit to joining the Heat Trust, or adhering to equivalent standards, to further help ensure customers will be treated in a reasonable way once the scheme is in operation. We expect strong management and reporting of health and safety (during and after build). We also expect good labour and supply chain management such as appropriate training; the presence of fair pay, including reassurance on the absence of modern slavery; and reassurance on wider stakeholder relations, including management of land rights. In addition, we have adopted a number of social value commitments, which are outlined in detail in [section 5](#).

Governance

Details of this assessment should reflect management's understanding and ability to do what is required to govern well. The structure should ensure a transparent approach to Boards & Trustees, pay, ownership and accounting practices. Examination of governance should also reveal information on a company's business ethics, including tax policy, management of bribery and corruption, and conflicts of interest.

4. IMPLEMENTATION OF ESG INTEGRATION

We have conducted a careful review of our investment processes to enable the implementation of practical, proportionate, and material ESG integration. There are two key elements to our approach:

- I. Management (Culture, Capacity & Governance)** – this refers to the allocation of appropriate resourcing, training, and senior support to ESG integration and demonstrates Triple Point’s actions are a real commitment aligned with the strategic position of the company, with oversight from senior management.
- II. Investment (Process & Reporting)** – this refers to action taken in the investment process to assess and improve ESG factors affecting the target asset, how these might affect an investment decision, and how we capture decisions and changes to ESG factors during our asset management.

The details below provide insight on the management of these two key areas of our approach. The details and examples are not exhaustive, but seek to provide clear evidence of the comprehensive nature of our integration process.

I. Management (Culture, Capacity & Governance)

Who	ESG action
Team	<ul style="list-style-type: none"> • Introduction of a programme of ESG training for the team, while team members are also encouraged and supported in seeking appropriate training and learning opportunities. • All team members are expected to show ownership for good ESG integration throughout the application and award process. This expectation is explicitly shared with new hires. • Individuals are empowered to ask new questions of DESNZ to drive best ESG practice.
Investment Committee	<ul style="list-style-type: none"> • Introduced training for Triple Point members of the Investment Committee.
Board review	<ul style="list-style-type: none"> • The Operations Board reviews performance against Social Value KPIs.
Triple Point Sustainability Groups	<ul style="list-style-type: none"> • Sustainable Investment Sub-Group: Dedicated to investment strategies, set up to review ESG & Impact considerations in relation to Triple Point’s investments and their incorporation in investment processes. • Triple Point Sustainability Group: Review sustainability content relating to TP’s operations and to investments in a broad sense. • A member of the GHNF team participates in both groups.
Customer (UK Government)	<ul style="list-style-type: none"> • Awarded projects have on-going reporting requirements which include ESG factors.

II. Investment (Process & Reporting)

Process step	ESG action	
	Integration	Example
Origination	<ul style="list-style-type: none"> Clear expectations on applicants that the project looks to fund the “best” eligible green heat network projects in England. Triple Point Relationship Managers are empowered to encourage applicants to share key ESG-link information. We continue to work with DESNZ to raise the importance of encouraging best practice in GHNF by sharing insights on ESG themes and criteria we consider to provide useful project insight. 	<ul style="list-style-type: none"> It is formally stated that all applicants must be able to demonstrate that the scope one and relevant scope two³ carbon emission intensity of heat delivered to end customers for each year is no greater than 100gCO₂e/kWh.
Due Diligence (DD)	<ul style="list-style-type: none"> The application DD process includes ESG-linked questions where the TP Assessment Team look for best practice. All applications and respective DD are tracked and capture ESG elements. 	<ul style="list-style-type: none"> Look for reassurance that a social IRR of 3.5% or higher, prior to grant intervention, is shown in order to demonstrate social value for money in supporting the scheme.
Application review	<ul style="list-style-type: none"> Assessment team discuss and flag ESG weakness/ concerns identified at DD, taking into account the nature of application Triple Point work with external specialists in the application review process for reassurance on good ESG practice. 	<ul style="list-style-type: none"> Applications which include commercialisation and construction may have specific ESG flags for review before construction phase funding is released. Triple Point ask “deliverability” specialists to confirm the source country of main build materials.
Investment Committee (IC)	<ul style="list-style-type: none"> IC papers include labeled ESG information for consideration in the decision making process, which the IC confirm have been reviewed. 	<ul style="list-style-type: none"> Absence of a suitable social IRR would be flagged; the IC review the Market Transformation Commitments.
Board/external review	<ul style="list-style-type: none"> Board papers include labeled ESG information and confirmation of IC review. 	<ul style="list-style-type: none"> The Board review the Social Value Report
Project Oversight Management	<ul style="list-style-type: none"> On-going project reporting includes key ESG metric requirements, with a traffic light system to flag concerns and drive improvement. Team discusses which ESG factors may be contributing to issues in project success (short and long-term), to continue to revise and address ESG issues. 	<ul style="list-style-type: none"> Applicants must make Market Transformation Commitments and report on these to be eligible for funding.
Exit	<ul style="list-style-type: none"> We will explore the ESG value-added during the grant period, as a result of ESG integration, to inform future decision making. Share key aggregated ESG information with Triple Point Sustainability Group and DESNZ. 	<ul style="list-style-type: none"> We will review project success at project milestones, and include consideration of where poor or strong ESG has helped or hindered outcomes.

³ Green Book supplementary guidance: valuation of energy use and greenhouse gas emissions for appraisal <https://www.gov.uk/government/publications/valuation-of-energy-use-and-greenhouse-gas-emissions-forappraisal> and Greenhouse gas reporting: conversion factors 2020

5. SOCIAL VALUE INITIATIVES

The team demonstrate investment commitment and expertise in ESG integration and impact creation to deliver an aligned and value-added approach to all aspects of the Green Heat Network Fund, including the delivery of measurable social value. In addition to aligning with the Social Value Model⁴, Triple Point also draw on other relevant frameworks that look to provide pathways to ensure sustainable behaviours and drive the levelling-up agenda including. For example, the Sustainable Development Goals, Investing in a Just Transition Initiative, and Place Based Investing.

To this end, the team have developed a comprehensive set of social value initiatives to support applicants and encourage social value creation throughout the GHN programme.

Key initiatives include:

- Develop an "Applicant Guide to Creating Social Value" and develop new business / SME support.
- Support and encourage new job creation and long-term opportunities.
- Gender diversity and diversity management.
- Social value reporting.

6. POLICY STATEMENT

Triple Point is committed to continually strengthening and improving ESG integration. This policy is under continuous review by the aforementioned teams and the ESG Committee, and updated as appropriate.



Ken Hunnisett

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⁴<https://www.gov.uk/government/publications/ppn-002-taking-account-of-social-value-in-the-award-of-contracts/procurement-policy-note-002-the-social-value-model.html>