

Sustainability Risk Policy Summary

Energy Infrastructure Partners Luxembourg S.à r.l.

Introduction

Energy Infrastructure Partners Luxembourg SARL (“EIP Luxembourg”), is a Luxembourg-based Alternative Investment Fund Manager (AIFM) focused on long-term equity investments in high-quality, large-scale renewables and system-critical energy infrastructure assets. EIP Luxembourg funds’ strategy and investment horizon align with the lifetime of the underlying assets and generate visible cash flows. EIP Luxembourg funds’ investor base includes pension funds, insurance companies and large family offices, who are increasingly interested in contributing to security of the energy supply as a pathway to create positive economic, ecological, environmental and social developments, and whose long-term funding needs closely match the energy infrastructure asset class.

EIP Luxembourg contributes to the energy security of supply and the energy transition by managing alternative investment funds that are investing in the energy infrastructure sector in technologies and assets. In doing so, EIP Luxembourg requires its delegated portfolio manager to integrate sustainability factors and risks into the investment decision-making process. As per Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, sustainability factors are defined as environmental, social, employee matters and respect for human rights as well as anti-corruption and anti-bribery matters. Sustainability factors can present both risks and opportunities that need to be first identified and then monitored, managed and/or capitalized upon, as applicable.

It is EIP Luxembourg’s conviction that investors, as long-term stakeholders, benefit when investments operate their businesses responsibly. Sustainability risks can not only harm the investment and its stakeholders, but also expose investments to material risks (e.g. legal, regulatory, operational or reputational risks), that can materialize in different ways affecting the activities and the value of the investment directly or indirectly (e.g. supply-chain)¹.

Moreover, EIP Luxembourg understands how sustainability risks and opportunities may have an impact on other relevant stakeholders, including communities, and the environment. EIP Luxembourg expects portfolio companies to have appropriate management systems in place or work towards implementing them within a reasonable timeline. EIP Luxembourg is ensuring, via its delegated portfolio manager, the implementation of procedures to manage sustainability risks at portfolio level on a regular basis and in accordance with the relevant financial product pre-contractual disclosures. Also, EIP Luxembourg strives to and expects its portfolio manager to endeavor to exercise a positive influence via ongoing engagement and collaboration with portfolio companies, strategic partners, co-investors and other stakeholders to result in enhanced ESG performance across portfolio companies.

Considering the above, EIP Luxembourg has developed this Sustainability Risk Policy.

Purpose

The purpose of the Sustainability Risk Policy is to:

- Describe the key principles and governance regarding the integration of sustainability factors and risks in the investment decision-making process; and
- Demonstrate alignment with Sustainable Finance Disclosure Regulation (“SFDR”) through the regulation (EU) 2019/2088 of the European Parliament (and its amendments) and the relevant Regulatory Technical Standards,

¹ Regulation (EU) 2019/2088 defines sustainability risk as an environmental, social or governance (ESG) event or condition that, if it occurs, could cause a negative material impact on the value of the investment.

For avoidance of doubt, management of EIP Luxembourg's human resources matters, code of conduct, anti-corruption and anti-bribery matters are covered in detail by other EIP Luxembourg policies.

Scope and target group

This Sustainability Risk Policy is applicable to the Board of Directors, senior management and all employees of EIP Luxembourg.

EIP Luxembourg expects its delegated portfolio manager to operate in alignment with the principles included in this policy.

- **Excluded activities**

EIP Luxembourg's investment universe has a focus on energy infrastructure assets; therefore, EIP Luxembourg's exclusion list mainly refers to this investment sector and does not include references to exclusions in or linked to other sectors. EIP Luxembourg does not invest in the following:

- Activities deemed illegal under host country laws, including Luxembourg law or regulations or international conventions and agreements that apply to the host country or countries;
- High risk Investments for which risk cannot be mitigated;
- Coal-fired power plants: EIP does not invest directly in companies
 - i. with a strategy that includes the construction and/or operation of new coal-fired power plants; and/or
 - ii. that have or are expected to have a significant exposure to coal-fired power plants at the point of the investment².
- Companies with significant exposure to exploration, extraction and refining of fossil fuels. This includes unconventional sources such as hydraulic fracking, arctic drilling, oil sands and shale deposits^{3 4};
- Prohibited countries as per FATF standards; Entities subject to sanctions, embargos or similar measures issued by, for example, the European Union, the United Nations, or OFAC;
- As applicable, any specific exclusions applicable to investment funds.

Roles and Responsibilities of the Governing Bodies of the AIFM

EIP Luxembourg has a governance structure at various hierarchical levels, defining the associated roles and responsibilities at each level. EIP Luxembourg has put in place corporate governance policy covering EIP Luxembourg's governance matters. Below is a summary of the key governance elements regarding the Sustainability Risk Policy.

- **Board of Directors**

- EIP Luxembourg's Board of Directors approves the Sustainability Risk Policy and any amendments to it. The day-to-day management of EIP Luxembourg is delegated by the Board of Directors to the Senior Management.

- **Conducting Officers**

- EIP Luxembourg's Conducting Officers are responsible for the day-to-day implementation of the Sustainability Risk Policy.

- **Conducting Officer Risk, Compliance and Oversight**

- Conducting Officer responsible for Compliance and Risk is responsible for ensuring the Sustainability Risk Policy has been followed in the investment decision-making process.
- EIP Luxembourg Conducting Officer responsible for Compliance, Risk and Oversight is the key contact point for any matters regarding the Sustainability Risk Policy.

² "Significant" means obtaining more than 5% of the revenue from energy generated via coal-fired power plants.

³ "Significant" means obtaining more than 5% of the revenue from these activities.

⁴ For avoidance of doubt, this applies to the target company and its subsidiaries but not the target company's parent company(ies).

Pre-contractual disclosures

As per article 6 (1) of SFDR, financial market participants must disclose in the financial product's pre-contractual information whether and how sustainability risks are considered in the investment decision-making process.

A financial product (such as EIP Luxembourg's managed funds) that meets the requirements of article 8 or 9 SFDR shall disclose in the pre-contractual information the binding ESG/sustainability criteria used in the investment decision-making process. Furthermore, all investment structures managed by EIP Luxembourg shall ensure sustainability risks are included in the investment decision-making process regulations.

EIP Luxembourg will ensure compliance with the above.

Integration of sustainability factors in the investment decision-making and investment management process

• Delegation of portfolio management function

EIP Luxembourg has delegated the portfolio management function. The delegated portfolio manager shall be responsible for the investment decision-making process and the consideration of sustainability risks. Sustainability risks deemed relevant shall be integrated in the investment decision-making process during the due diligence phase and, subsequently, during the asset management phase in accordance with SFDR and any other applicable requirements.

EIP Luxembourg will monitor the adherence to legal and regulatory requirements as well as quality of the services provided by the delegated portfolio manager on an ongoing basis. In accordance with applicable legal requirements, EIP Luxembourg has implemented a process to verify that the investment decisions made by a delegated portfolio manager comply with this Sustainability Risk Policy and regulatory and legal requirements.

EIP Luxembourg will assess the integration of sustainability risks in the investment decision-making process as part of the (periodic) due diligence and ongoing monitoring of the delegated portfolio manager.

• Integration of sustainability risks in the investment decision-making process

The portfolio manager shall identify sustainability risks as early as possible in the investment decision-making process and take appropriate measures to identify and manage the impact on the affected assets or the overall portfolio of the investment structure, as sustainability risks can have a negative impact on the value or price of an asset.

Sustainability factors can manifest themselves as sustainability risks and/or opportunities. The applicability and materiality of sustainability factors, including sustainability risks, will vary across investment opportunities and assets. Therefore, the portfolio manager shall identify and assess the key sustainability factors so that monitoring and management of these can be prioritized throughout the investment life cycle.

• Key sustainability factors considered during the investment cycle

EIP Luxembourg expects that the identification and assessment of key sustainability factors and risks would generally include the assessment of material potential sustainability risks and opportunities in connection with the points mentioned below (as applicable and relevant to the investment and/or portfolio company)⁵.

- Applicable laws and standards
- Target company's ESG management systems, governance structures and track record.
- Climate change
- Pollution prevention and resource efficiency
- Biodiversity
- Gender considerations
- Human Rights
- Labor and working conditions (including health and safety)
- Impacts on and engagement with communities
- Key and material sustainability factors in supply chains
- Anti-bribery and anti-corruption.

• ESG, sustainability and impact monitoring

The portfolio manager shall monitor portfolio companies' compliance with relevant reference framework, performance and impact. Selected indicators shall be based, to the extent possible, on internationally recognized frameworks and standards.

⁵ It may be the case that some of the below are not material in certain investment opportunities or assets.

External reporting

EIP Luxembourg will disclose information on sustainability factors on a regular basis, including mandatory information required by applicable laws and regulations (including SFDR).

Communication and training

EIP Luxembourg will communicate and deliver training in collaboration with its delegated portfolio manager on the Sustainability Risk Policy to all staff, Senior Management and EIP Luxembourg's Board of Directors.

Ongoing review and update

The Sustainability Risk Policy will be reviewed and revised at least once per year. Additionally, this Policy will be revised as necessary, and/or as deemed appropriate by the Board of Directors.