

**Statement on principal adverse impacts of investment decisions on sustainability factors**

**(Annex 1)**

***Issued For***  
***EOS Energy Fund II S.C.A. SICAV-RAIF's***

*Issued as part of the requirements under the Regulation (EU) 2019/2088 on sustainability related disclosures in the financial service sector ("SFDR").*

*Issued: 2024*

## **NOTICE CONCERNING DOCUMENT**

This Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors (Annex 1) contains the information on the Principal Adverse Impacts (“**PAIs**”) Statement, in relation to EOS Energy Fund II S.C.A. SICAV-RAIF (also commonly known as “**EOS ReNewable Infrastructure Fund II**” or the “**Fund**”). This information is issued as Annex 1 to the Fund’s Private Placement Memorandum, as part of the SFDR pre-marketing disclosure requirements.

EOS Investment Management Ltd (“**EOS IM**”) is appointed as the Delegated Discretionary Portfolio Manager which provides and makes available this disclosure document. This disclosure is provided in coordination with TMF Fund Management S.A. (the “**AIFM**”), as the appointed EU third-party AIFM.

The Fund is categorised under the SFDR as an article 8 Fund.

The Fund is an EU alternative investment fund and is subject to eligibility restrictions by type of potential investor and permitted jurisdictions.

This disclosure document is issued for information purposes, in accordance with SFDR and the associated Regulatory Technical Standards. This disclosure document is not an offer to subscribe to the Fund.

## ANNEX I

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Product name:** EOS Energy Fund II S.C.A. SICAV-RAIF **Legal entity identifier:** EOS Investment Management Ltd

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective:** \_\_\_%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective:** \_\_\_%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental



### What environmental and/or social characteristics are promoted by this financial product?

The reserved alternative investment fund called **EOS Energy Fund II S.C.A. SICAV-RAIF** (the “Fund”) promotes, among other characteristics, an environmental characteristic, which consists in the increase of the production of renewable energy and the transition to a green economy.

Through its sustainable investment strategy, described in depth in the below mentioned section “*What investment strategy does this financial product*”

follow?" of the present document and implemented according to the provisions of the ESG Policy – Group Level and the ESG Policy – Clean Energy Strategy, the Fund invests in a diversified portfolio of projects where good governance practices are followed, and which generate or enable the generation of electricity from renewable energy sources with a particular focus (but not exclusively) on greenfield unsubsidised solar photovoltaic parks.

It should also be noted that no specific index has been designated as a reference benchmark to determine whether the Fund is aligned with the environmental characteristic it promotes.


● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The attainment of the environmental characteristic promoted by this financial product is measured through specific indicators, derived from the main international standards available on the subject published by recognised market bodies and institutions (e.g., adverse sustainability indicators foreseen by the Delegated Regulation 2022/1288).

These indicators are defined ex-ante coherently with the sustainable investment strategy envisaged by the Fund based on the environmental characteristic promoted. Sustainability indicators used to measure the attainment of the environmental characteristic are, among others:

- Renewable Energy produced (kWh), utilising the annual equivalent expected households consumption served (thousands), as a demonstratable comparative;
- Renewable energy produced, expressed as a percentage of total energy produced by the Fund's assets;
- CO2 equivalent avoided (tons) compared to a non-renewable energy production scenario;
- Percentage of capital invested into renewable energy assets.

 **Does this financial product consider principal adverse impacts on sustainability factors?**

-  Yes, the Fund considers the principal adverse impacts on sustainability factors. In particular, the Fund addresses and seeks to minimize the adverse impacts associated with all the investment phases (i.e. (i) development / pre-construction (including sourcing and authorisation); (ii) construction (including design); (iii) operation; (iv) divestment / decommissioning).

The Fund monitors the adverse sustainability indicators related to (i) GHG emissions, (ii) biodiversity, (iii) water, (iv) waste and (v) social and employee matters. Additional adverse impacts on sustainability factors may be considered, subject to the assessment of their

**Sustainability indicators**

measure how the environmental or social characteristics promoted by the financial product

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-

The investment strategy guides investment decisions based on factors such as investment objectives and risk

materiality and data availability with respect to the investments to be made, in accordance with the provisions of the Delegated Regulation (EU) 2022/1288.

It should also be noted that appropriate disclosure regarding the main adverse impacts on sustainability factors will be provided within the information referred to in Article 11(2) of EU Reg. 2019/2088.

No

**What investment strategy does this financial product follow?**

The investment strategy of the Fund is fully described within the abovementioned section “4.1 Investment Objective and Strategy” of the present document and is aligned with the provisions of the ESG Policy. For the purpose of the attainment of the environmental characteristic promoted by the Fund, it has to be noted that this financial product invests in a diversified portfolio of projects which generate or enable the generation of electricity from renewable energy sources with a particular focus (but not exclusively) on greenfield unsubsidised solar photovoltaic parks.

The implementation of the investment strategy ensures that ESG criteria are applied throughout the sequential phases of (i) development / pre-construction (including sourcing and authorisation); (ii) construction (including design); (iii) operation; (iv) divestment / decommissioning.

The investment strategy foresees, among others, the following steps:

- **Negative screening:** exclusion from the investment universe of controversial sectors where it is assessed that in general the activities will not be in compliance with the ESG ethos and principles established for the Fund. The exclusion list includes:

**Sector Based Exclusions:**

- Modern Slavery and/or Human Trafficking, including forced labour or child labour;
- Exclusions based on screening against minimum standards of business practice based on international norms (UN Human Rights Declaration, Security Council Sanctions, UN Global Compact);
- Legally required exclusions (required by domestic/international law, bans, treaties, embargoes);
- Any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
  - Ozone depleting substances, PCB's (“Polychlorinated Biphenyls”) and other specific, hazardous pharmaceuticals, pesticides/herbicides and/or other chemicals which are not managed in an environmentally responsible manner;

- Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (“CITES”); or
- Unsustainable fishing methods;
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations;
- Destruction of high conservation value areas;
 

Destruction means the elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or modification of a habitat in such a way that the area’s ability to maintain its role is lost. High Conservation Value (“HCV”) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance.
- Radioactive materials and unbounded asbestos fibres;
 

This does not apply to equipment such as medical, quality control (measurement) or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.
- Pornography or prostitution;
- Racist and anti-democratic media;
- Coal;
- Tobacco;
- Gambling;
- Production, financing, and trade of weapons.

#### **Geographical Based Exclusions**

In addition to the Legally required exclusions (required by domestic/international law, bans, treaties, embargoes), the exclusions specifically prohibit the interaction of Fund(s) with parties and conduct of activities in UN, EU, and UK sanctioned jurisdictions.

#### **Individual Based Exclusions**

In addition to the Legally required exclusions (required by domestic/international law, bans, treaties, embargoes), the exclusions specifically prohibit the interaction of Fund(s) with individuals listed on the UN, EU and UK sanctions lists.

All potential investments are screened against the exclusion list and are not contrary to ESG Policy.

- **Positive screening:** assessment, during the pre-due diligence and the due diligence phases, of (i) good governance practices, (ii) management of specific topics deemed as material after a materiality analysis conducted by the Fund, and (iii) specific criteria described in the following:

1. Sustainable Development: contribution to the protection of natural resources by developing renewable and alternative energy infrastructures;
  2. Environmental Footprint: contribution towards decarbonisation and development of innovative energy efficient services;
  3. Local Engagement: contribution to local development of non-polluting solutions protective of the population health while assuring the proper conservation of flora and fauna;
  4. Social Governance: assuring that at the level of investee, economic activities are carried out to substantially align with the applicable and relevant minimum safeguards laid down in the EU Taxonomy, setting forth human rights, labour, environmental and anti-corruption principles and standards are met;
  5. Third Party Interactions: selection of supply chain including sustainability criteria in terms of environment and social standards;
  6. Controversial activity: exclusion of sectors that are proven to have a detrimental impact on society and environment, such as coal, pornography, gambling, tobacco, alcoholic beverage, production financing and trade of weapons.
- **Monitoring:** monitoring of (i) ESG KPIs designed to ensure the implementation of recommendations arising during the investment acquisition process, whether a company specific ESG action plan (e.g., “100-days plan”) has been defined; (ii) adverse sustainability indicators, identified as described in the paragraph *“Does this financial product consider principal adverse impacts on sustainability factors?”* of the present document.

The Fund also foresees the integration into the investment process of sustainability risks, considered as an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment, and whose main characteristics are described within the section *“7. ESG Risks”* of this document.

It has to be noted that all the relevant ESG risks are generally site-specific in terms of specific impact, degree of potential risk and application, rather than portfolio-wide. Such risks are thus usually reversible and promptly addressed and mitigated. The Fund performs an ex-ante evaluation and an ex-post review of the risks; although the Fund targets investments with positive environmental characteristics, the investments to be made are likely to be materially affected by sustainability risks with potential consequences on returns. The Fund is evaluating the possibility of integrating into the risk models suitable systems for assessing the likelihood of ESG relevant risks with respect to the Fund’s returns.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the sustainable investment strategy are:

- Negative screening;
- Positive screening;
- Exclusive selection of projects which generate or enable the generation of electricity from renewable energy sources, focused on – but not limited to – greenfield unsubsidised solar photovoltaic parks. It is worth specifying that up to ten per cent (10%) of commitment may be, under the investment strategy be invested in early-stage development greenfield stage projects.

**Asset allocation**  
describes the share of investments in

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not foreseen, as the investment strategy has been implemented from the constitution of the Fund and all the investments made are aimed at attaining the environmental characteristic promoted by the Fund.

- ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices are ensured by assessing, during the pre-due diligence and due diligence phases, compliance with legal requirements, sound management structures, employee relations, remuneration of staff and tax compliance.

More in the specific, indicators related to the abovementioned aspects, such as the adoption of Organisational and Management Model pursuant to Italian Legislative Decree no. 231/2001, the adoption of anti-corruption policies and procedures, the adoption of human rights and workers' protection policies and procedures are included in the ESG DD.

Specific ESG action plans implemented throughout the investment period and drafted according to the pre-investment findings might include the adoption of policies and procedures and/or the development of specific actions aimed at fostering good governance practices.



## **What is the asset allocation planned for this financial product?**

The Investment Strategy is primarily based on establishing long-term partnerships with successful and experienced developers, investing and creating value by being significantly involved since the early stage of the development process and lead first-hand the construction, financing and operational stage of a greenfield project.

For the sake of clarity, the Fund will also invest a limited amount of commitment (up to ten per cent (10%)) in early-stage development greenfield stage projects, involving a higher risk of failure to obtain or substantial delays in obtaining: (i) regulatory, environmental or other approvals or permits, (ii) financing, (iii) leasing, and (iv) suitable equipment supply, operating and off-take contracts ("Early-Stage Projects"). Such Early-Stage Projects are intended to provide access, securing a broader potential pipeline of investments at a lower entry cost, and are intended to strengthen the market profile of the Fund to facilitate this. The Fund might occasionally and opportunistically invest in assets which are already operational.

Except for a limited amount of commitment – 10% in development greenfield stage projects – and of cash held as ancillary liquidity, all the portfolio is to be invested in renewable energy projects or projects which enable the production of energy from renewable sources.

- ***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

The use of derivative instruments is not envisaged for the purpose of the attainment of the characteristic promoted by the Fund.

**Good governance**  
practices include sound management structures, employee relations, remuneration of





### **Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No specific index has been designated as a benchmark to determine whether the Fund attains the environmental characteristic it promotes.

The degree to which the environmental characteristic is attained by the Fund is measured through specific indicators described in the abovementioned section "*Which sustainability indicators are used to measure compliance with each of the environmental or social characteristics promoted by the financial product?*" of the present document.

The Fund's periodic reports will describe the extent to which the environmental characteristic is attained.



### **Where can I find more product specific information online?**

More product-specific information can be found on the website:  
<https://www.eosimgroup.com/sustainability>.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics



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