EOS INVESTMENT MANAGEMENT GROUP

Environmental, Social & Governance (ESG) and Responsible Investment (RI) Policy

ESG & RI Policy

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Background and Purpose of the Policy

EOS Investment Management Ltd ("**EOS IM**" or the "**Firm**") is an independent asset management company, with a focus on Infrastructure and Private Equity investments. More specifically, through investments in long-term real assets, EOS IM, with the other affiliated entities (together "**EOS IM Group**" or "**Group**"), aims to contribute to sustainable development, alongside the creation of financial returns, by focusing on sustainable business models which directly or indirectly enable the environmental and sustainable transition.

In addition to acknowledging that those business models are key to deliver a concrete positive contribution to the transition, the Group also recognises that the integration of environmental, social and governance ("**ESG**") aspects in the investment activities is pivotal to manage risks and opportunities as integral to the value creation process, while managing effects on environment and society of its investment decisions. To this end, EOS IM has developed an approach to Responsible Investment ("**RI**") in order to integrate ESG factors in its investment and related activities consistently with its investment ethos.

Addressing ESG aspects, ESG risks and identifying ESG opportunities has been determined by EOS IM Group to be crucial to facilitate both a sound long-term investment policy and contribute to the wider global environment, helping to drive change. EOS IM Group has therefore established and approved this ESG&RI Policy (the "**Policy**") to clearly set out its approach for portfolio management and investment activities.

Through this Policy EOS IM aims to:

- ***communicate to stakeholders*** its approach on ESG aspects, their consideration and responsible investment
- ***establish the ESG integration and responsible investment strategy*** that EOS IM formally commits to adopt guaranteeing sustained institutional dedication and resources
- ***define guiding principles, governance and processes*** to implement the Policy in daily activities.

The scope of the Policy encompasses the wider EOS IM Group, with the ESG integration approach tailored depending on the relevant investment strategy pursued by the specific financial products or portfolio under management. Accordingly, at the date of the issuing, the Policy is applied to **Infrastructure** and **Private Equity** investments.

If questions in relation to the interpretation or requirements under the Policy may arise, the Group Head of Finance and Operations should be considered as reference point for contact.

Glossary and acronyms

Term / Acronym	Definition
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
Article 8	Pursuant to Art. 8 of EU SFDR "a financial product which promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices"
Article 9	Pursuant to Art. 9 of EU SFDR "a financial product that has sustainable investment as its objective"
ESG Framework	The framework established by EOS IM to integrate and consider ESG aspects within EOS IM Group and the Funds' activities, including policies, statements, procedures and controls
EOS IM	EOS Investment Management Ltd, independent fund manager, authorised and regulated by the UK's Financial Conduct Authority as an Alternative Investment Fund Manager
EOS IM Group	EOS IM and affiliated entities involved in the investment activities as advisor, operational asset manager or General Partner. Further information available on the website
Sustainability (or ESG) Risks	An environmental, social, or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment arising from an adverse sustainability impact
EU SFDR	Sustainable Financial Disclosure Regulation (Reg. EU 2019/2088) on sustainability-related disclosures in the financial services sector
EU Taxonomy	Taxonomy Regulations (Regulation (EU) 2020/852) on the establishment of a framework to facilitate sustainable investments and Regulation 2019/2088 on sustainability-related disclosures in the financial services sector
Fund	Alternative Investment Fund ("**AIF**") managed by EOS IM as the appointed AIFM, appointed also as the discretionary portfolio manager or advised by EOS IM. This includes the underlying sub-funds.

Governance of the Policy

This Policy is subject to the approval of the EOS IM Board of Directors (the "**Board**") and will be made available to relevant external parties through EOS IM website or on request. The Group's ESG Committee ensures that the Policy is in force and in line with the Group ethos and strategy.

This Policy is subject to review at least on annual basis or whenever required, on an ad-hoc basis. The ESG Manager, in coordination with the Compliance and Risk function and under the oversight of the Head of Finance and Operations, is responsible for reviewing and updating the Policy and examining proposal of amendments submitted by other Group staff. Material changes to the Policy can only be made with the EOS IM Board's formal approval. Minor enhancements may be implemented.

The Boards and all staff in the companies across EOS IM Group are required to exercise due skill, care, and diligence in relation to the operation of this Policy. The Investment Committee within each investment strategy has the formal oversight responsibility on the proper implementation of the Policy in the investment process. All relevant EOS IM Group personnel are provided with training and awareness in respect of this Policy and the wider ESG framework in order to ensure the proper application and inform of any relevant update. Where the Policy requires the support of third parties in relation to outsourced or delegated functions, EOS IM remains responsible for the oversight of these functions, unless otherwise pre-agreed.

Guiding Principles

In adopting this Policy, EOS IM has taken into consideration as guiding principles the provisions of applicable regulations and recommendations from relevant internationally recognised authorities in the field of sustainable finance.

EOS IM has in fact signed the United Nations' **Principles for Responsible Investment** ("**UN PRI**") and through this Policy aims to formally commit to setting out its responsible investment approach il line with the six principles.

- **Principle 1:** *We will incorporate ESG issues into investment analysis and decision-making processes.*
- **Principle 2**: *We will be active owners and incorporate ESG issues into our ownership policies and practices.*
- **Principle 3**: *We will seek appropriate disclosure on ESG issues by the entities in which we invest.*
- **Principle 4:** *We will promote acceptance and implementation of the Principles within the investment industry.*
- **Principle 5**: *We will work together to enhance our effectiveness in implementing the Principles.*
- **Principle 6:** *We will each report on our activities and progress towards implementing the Principles.*

Moreover, EOS IM considers in its strategy the regulatory framework defined at EU level through Regulation (EU) 2019/2088 ("**EU SFDR**") on sustainability-related disclosures in the financial sector and Regulation (EU) 852/2020 ("**EU Taxonomy**") for assessment of environmentally sustainable activities.

In recognition of the importance of aligning with global commitments on sustainability, EOS IM also supports what foreseen by the Paris Agreement and considers as guiding principles the provisions of the Task Force on Climate-related Financial Disclosures (the "**TCFD**"), the United Nations Global Compact (the "**UNGC**"). Moreover, EOS IM refers to the United Nations Sustainable Development Goals ("**UN SDGs**") as framework to prioritize investments with able to generate positive contribution toward sustainable development.

EOS IM also takes note of the actions of other relevant bodies, such as "**Invest Europe**". The Policy is also drafted in accordance with the principles described further in its Code of Business Conduct and Ethics.

ESG integration into EOS IM organisation

EOS IM in its role providing fund management services and the entities with EOS IM Group believes that a successful ESG integration foresees the consideration of sustainable criteria not only in the investment strategy, but also in the Group's organisational structure and operating activities.

Group Culture

A key element of the integration into the organisation of EOS IM is embedding a culture which nurtures and promotes ESG aspects within the organisation, as furtherly described in the Code of Business Conduct and Ethics. The focus on ESG is reflected, through various policies and procedures, in the assessment, remuneration and training practices applied across the Directors and staff.

- ***Personnel Assessments****:* regular assessments of the personnel encompass also ESG aspects, using both qualitative and quantitative factors with the outcomes feeding into the management of the human talent in terms of remuneration, career development, training and other aspects relating to their involvement in EOS IM Group activities.
- ***Remuneration:*** in addition to the above, ESG metrics inherent to the investment activity are considered in relation to the remuneration aspects of Directors and staff to different extent. According to the reference policy, remuneration may be linked to sustainability criteria in order to align the management to the interests of investors and takes into account the extent to which sustainability risks have been properly managed, at the same level of other risks. The evaluation of such metrics feed into the definition of the variable remuneration, including the carried interest mechanism, of Directors and staff, depending on the nature of their role.
- ***Training:*** training and communication, including in relation to the ESG approach and the specific related topics applicable to the various teams' activities, are provided in order to keep the staff informed and aware on the ESG approach and practices. In accordance with the UN PRI commitment, professionals may participate, either as speaker or audience, in training, working groups and events organized by external parties and promoting ESG aspects and responsible investment. Annually, the Firm assesses the responsible investment capabilities and training needs among the investment professionals.

Environmental aspects

From an environmental perspective, the Firm and the EOS IM Group aims at assessing and minimising any negative environmental impact arising from its operations and ensuring compliance with applicable local and national laws. EOS IM Group encourages the efficient use of natural resources and promotes material re-use and recycling mechanisms, to promote the improvement or mitigation of the impact on the environment wherever possible. EOS IM intends to contribute to the fight against climate change minimising also effects arising from its own direct operational (i.e. GHG emissions).

Social aspects

EOS IM is committed to provide safe and healthy work environment and conditions to its employees and act in compliance with applicable laws and regulations. Fair treatments are applied to all employees, as well as equal opportunities while being committed to respect employees' dignity and well-being. This is supported by the Policies and statements issued in relation to Human Rights and Diversity, Equity and Inclusion. Through the Funds and its activities, EOS IM and EOS IM Group promote programmes to manage business impact or generate values for communities.

Governance

From a governance perspective, EOS IM Group aims to act in an ethical manner with integrity, fairness, and respect in all business operations, and to manage affairs with due care and skill, and diligence.

To this end, a structured governance has been established with appropriate committees and control infrastructure designed to ensure proportionate oversight, participation and operations among the Group entities. In order to guarantee proper coverage on all the material aspects relating to business activities, the supervisory bodies are currently identified in EOS IM Board of Directors, the Investment Committees and the ESG Committee. This framework manages potential conflicts and prevents involvement in or facilitation of financial crimes, including specifically the prohibition money laundering, bribery and corruption practices. Through the organisational structures across the entities, the Group maintains appropriate records and reports, including transactional, financial and tax information.

Responsible investment and ESG integration in investment activity

General approach and guidelines

EOS IM has developed and adopted an approach for integrating ESG factors throughout the investment lifecycle of investments, also tailored in consideration of the asset class. Based on the specific investment policy of the single Fund, the application of such approach may follow different degrees of ambitions in terms of ESG-related strategy. On a general basis, the approach aims at considering ESG risks and opportunities for the investment portfolios in all relevant investment activities through specific processes, which include screening criteria, specific ESG due diligence, risk assessments and monitoring and embedding ESG factors in the overall assessment carried out our part of the risk management.

To this end, the integration strategy is based on a materiality criteria in order to factor in specific circumstances which may influence the relevance of certain ESG aspects, such as the business activity or location in which the assets operate. Nevertheless, in all of the abovementioned process EOS IM consider at least specific aspects which acknowledge to be a priority for all investments, also consistently with its ethos. In fact, climate change, health and safety, business ethics and integrity are considered in investment process and reporting regardless of such circumstances: under this perspective, where material, considering a proportionality criteria, further investigation may be executed, such as climate risks assessment based on climate scenario.

Moreover, at financial product level, EOS IM may focus on specific sectors or assets that enable the direct or indirect contribution to climate objectives or other sustainability outcomes. In addition, to the extent applicable, EOS IM promotes responsible practice to reduce negative outcomes, for instance with respect to GHG emissions, use of natural resources, recycling of resources of the materials used, biodiversity-sensitive areas, safe and healthy working conditions for employees and contractors of all businesses, human rights, wellbeing, equity and inclusion.

Pre-investment phase

Investment screening

With the aim of limiting the investment universe against business activities or entities which are deemed not consistent with the guiding principles, to be high-risks or controversial, EOS IM adopts negative screening criteria. Those criteria aim at excluding activities or companies operating in certain geographies, sectors or involved in controversial or illegal events. The list of criteria includes at least the exclusion listed in the *Appendix 1*, while it may include further exclusion or restrictions on at Fund level based on its investment policy. It must be noted that additional criteria may be either applied regardless of their incidence or subject to threshold, such as share of revenues generated from specific activities.

All potential investments will be screened against the Exclusion List. Under exceptional circumstances, exemptions may be evaluated and agreed upon with shared consent provided that the investment would not be contrary to this Policy.

The investment policy of single Funds may entail the application of positive screening criteria, such as investment themes, aimed at screening companies based on specific themes with strong ESG characteristics or in line with specific UN SDGs, or features that enable the promotion of certain environmental or social characteristics for Funds pursuant to Art. 8 of EU SFDR. In this context, EOS IM Group may consider non-financial criteria that may relate, but are not limited, to the environmental footprint, to target assets directly or indirectly contributing towards decarbonisation, energy and ecological transition, socio-economic impacts on local communities, value chain.

These requirements are defined in the Fund’s investment policies, which are amended and updated from time to time.

ESG assessment

Following the preliminary screening, investment opportunities undergo a process of due diligence which includes also the assessment of ESG factors, also considering the requirements from EU Regulations as an input to the analysis. This activity is carried out by specialized external advisors through a dedicated stream, alongside with analysis to gain oversight on the governance (e.g., KYC) and reputational checks.

The assessment aims at identifying material ESG risks and opportunities through the review of information related to material ESG aspects. The standard approach will include a review against a checklist, including also applicable HSE requirements, for initial red flags with site visits or in-depth interviews with the management of the target where material and applicable. The assessment is furtherly tailored based on the investment strategy of the Fund in order to comply with requirements or gather insight on aspects that are relevant for the investment policy: this may include the environmental or social characteristics promoted by Funds pursuant to Art. 8 of EU SFDR, the targeted SDGs or framework (e.g., for sustainable investments), aspects encompassed by principal adverse impacts (“PAI”) indicators where considered at Fund level and good governance practices. In addition, this step is informed by an ESG materiality analysis in order to consider all the ESG factors, the related risks and opportunities that are material depending on the sector, activities or geography of the target. For this purpose, external standards issued by internationally recognized organizations or authorities are generally taken into account, such as the Sustainability Accounting Standards Board (“**SASB**”) or the European Sustainability Reporting Standards (“**ESRS**”).

Findings from the ESG Due Diligence are incorporated in the transaction documentation and shared within the Investment Committee in the way as for other key due diligence (e.g., commercial, financial, tax and legal) with the aim of informing the decision-making process also by ESG factors. This encompasses any red flag, ESG risk or significant opportunity for the target company to grow and develop, contributing both value to the worth of the company, as well as any remedial actions ongoing. In the assessment of the investment opportunity, material issues and negative ESG conclusions may lead to the abandonment of the investment or may be taken into account in the transaction (e.g., in terms of price offered or paid).

Where the investment opportunity is pursued, remedial actions outlined by the ESG Due Diligence may be required to be implemented before the transaction as prior condition or included as terms of the transaction agreement.

Holding period

Following the ESG Due Diligence findings and recommendation from the external advisor, asset-specific action plans are developed also based on the materiality of the ESG risks identified and the level of priority (e.g., "100-days plan"). The implementation of such plans is monitored throughout the holding period: adjustments may be introduced based on performance monitoring. The Firm may require or help portfolio companies to engage external advisors to support the implementation of action plans or other ESG value creation actions as they may be defined in the context of transaction agreements with the Firm or other third parties.

In the respect of infrastructure assets, ESG considerations are also integrated into the selection and appointment of third-party operators involved in the asset management during the construction or operational stages. In this context, agreements with those operators include ESG reporting requirements and expectations for the service outsourced.

Post investment, EOS IM has adopted an ESG monitoring process to regularly assess the ESG performance of the assets in the portfolio against a set of ESG KPIs which may vary depending on the asset class and Funds' investment policy requirements. This set includes at least Table 1 indicators for PAI as established by the regulations and material ESG indicators and may include:

- **Environmental KPIs**, such as GHG and water emissions, Air pollutants, Waste generated, Recycling, Water consumed, Biodiversity loss, Integration of environmental, endangered species affected criteria in the product design and lifecycle management;
- **Social KPIs**, such as Hours worked, Injury rate, Employee training, Employee turnover, Diversity of employees, Violation of human rights;
- **Governance KPIs**, such as Responsible supply chain management, Diversity of the Board of Directors, Corruption episodes.

The monitoring is carried out internally with different frequency depending on the asset class, collecting the information directly from the portfolio companies or from the asset managers.

This monitoring is also used to monitor ESG risks and opportunities, also feeding the regular risk assessment. Moreover, through the monitoring intended and unintended sustainability outcomes arising from the assets in the portfolio are identified, including adverse impacts or any incident, with the aim of timely addressing negative effects.

Stewardship activities

In accordance with its Stewardship Policy, EOS IM applies the stewardship approach to the Funds assets for the purpose of promoting strong and effective governance and implementation of sustainable business practices as well as to investigate negative impacts detected. Moreover, such activities may also aim to share best practices across the portfolio (e.g., educational sessions or implementation of environmental and social management systems) or training on ESG aspects relevant to the portfolio companies (where applicable).

Where the Firm is the majority shareholder, stewardship activities may be carried out by the Investment Team, staff included in the Board of the asset or the ESG Manager on a case-by-case basis, taking into account the EOS IM Group's duties to the Funds, the nature of the asset, the Fund's investment strategy and the actions that may have been agreed upon within the action plan or the transaction agreement. This is accompanied by interaction with internal and external stakeholders, including when applicable, co-investors, as well as other relevant external stakeholders.

Such activities may take place through engagement with the management, the third-parties involved in the asset managers for infrastructure assets or the relevant governing bodies or, when applicable, by exerting voting rights.

As part of its commitment to UN PRI, EOS IM Group also aims to promote responsible practices, ESG integrations and raise awareness also by engaging with the wider community, financial sector or industry associations.

Divestment phase

At this stage of the investment EOS IM believes it is important to quantify the results of the holding period to prove the effectiveness of the Funds investment and management, being ESG value creation a key element promoted by the Funds. Therefore, the performance achieved will be assessed upon exit, also considering any ESG objective set at Fund or asset level for the purpose of stating their fulfilment and outline the non-financial value created during the holding period compared to the pre-investment assessment. Such information, as available, will be shared with potential buyers and go through the Investment Committee process.

Especially in the context of private equity investments, EOS IM will consider the ESG approach of the potential buyer in order to ensure continuity to the value creation pathway and consistency with the sustainability and ESG culture developed by the portfolio company. To this end, EOS IM will provide the due informative package to the potential buyers on ESG to enable proper that at least the same level of attention is implemented.

ESG Reporting approach

EOS IM is fully aware of its accountability on ESG aspects alongside to financial performance and of the attention paid by stakeholders, including, investors to ESG aspects. To this end, the Firm has adopted a reporting approach to ensure that ESG factors are duly and seamlessly integrated into internal communications as well to ensure transparency to stakeholders and investors, also considering applicable disclosure requirements in the field of sustainable finance. The approach as detailed herein may be adjusted based on expectations of investors.

Internal Reporting

The ESG reporting occurs, but is not limited, to certain key stages:

i. **Investment Committee**: during transaction and on-going portfolio status;
ii. **ESG Committee**: for material ESG matters, projects and framework assessment;
iii. **Board of Directors**: for overarching ESG Framework and material matters.

As required, communications are shared on ongoing basis for the purpose of ensuring informed and proper business activity.

Third Parties involved in the investment activities

EOS IM Group will coordinate with and provide information in relation to ESG aspects as agreed upon or based on applicable disclosure requirements to third parties connected with the Funds, including but not limited to a third party AIFM (if appointed to a fund) and any co-investors.

External reporting

i. Periodic ESG reporting to investors

ESG aspects are included as part of the semi-annual reporting to investors. The reporting aims to cover ESG at least information to enable the comprehension the overall approach at Fund level and any development occurred in the period, the Fund and the assets level performance. For investments in private equity, further information may be provided to complete the overall situation at portfolio company level (e.g. policies, certified management systems, targets, etc.). As per above, further details may be provided based on investor requests.

ii. Serious incident reporting

EOS IM will report to investors in the events of any serious incidents occurred in the operations of the assets. These may include, but are not limited to: i) health and safety incidents (e.g., injuries and fatalities), ii) events with material adverse effect on the environment or people (e.g., spill), iii) financial or governance crime such as fraud, bribery and corruption, money laundering, terrorism financing, tax evasion, financial mismanagement, iv) breach of applicable sanctions and exposure to a sanctioned entity, material legal or regulatory breaches, v) serious cyber security and data protection breaches, vi) criminal activity or enforcement from government enforcement authorities, vii) material breach of the reference framework.

Incidents on people, such as human rights violations, will be reported ensuring anonymity of the individual affected and aiming to mitigate the risk of reprisals against victims. In any case, the reporting will be accompanied with information on any remediation implemented since a root-cause analysis will be completed and, on a best-effort basis, corrective actions be implemented also to prevent recurring.

iii. Other reporting

Based on the commitment undertaken by the Firm or at its own discretion, further reporting on the progress in the field of responsible investment or ESG integration may be issued. In this context the Firm is committed to fulfilling its obligations as signatory of organizations such as UN PRI or the TCFD. In relation to the latter, EOS IM will make its best efforts to update climate-related disclosure based on the recommendations of TCFD or the newest requirements from ISSB.

Appendix 1: Exclusion List

Below are listed criteria based on sectors, activities, location or individually adopted by EOS IM to limit its investment universe. Additional criteria to screen investment opportunities may be adopted on single Fund based, as established in the respective constitutive documentation.

Sectors and business activities:

- *Activities involved in modern slavery and/or human trafficking, including forced labour or child labour*
  - Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.
  - Persons may only be employees if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.
- *Activities not complying with minimum standards of business practice based on international norms (UN Human Rights Declaration, Security Council Sanctions, UN Global Compact)*
- *Activities under 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.*

<u>Geographical Locations</u>

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 parties in UN, EU and UK sanctioned jurisdictions.

<u>Individuals</u>

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.

With different degree of limitation and depending on the investment strategy of the funds, the following sectors are included:

- Fossil Fuels sector
- Thermal Coal Extraction sector
- Oil Sands sector.