



EOS INVESTMENT MANAGEMENT GROUP

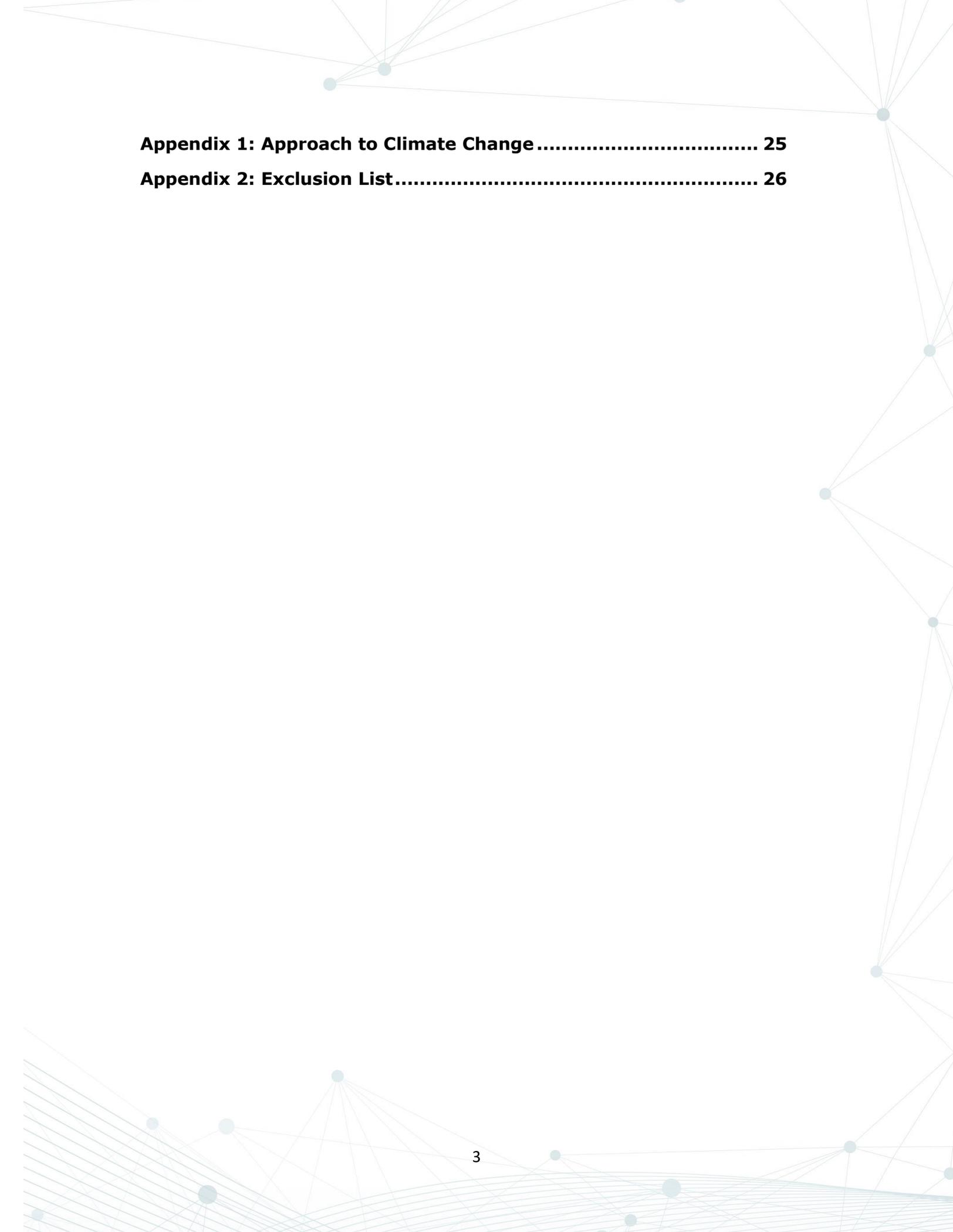
Environmental, Social and Governance and Responsible Investment

ESG / RI Policy

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Introduction

EOS Investment Management Ltd (“**EOS IM**” or the “**Firm**”) is a regulated fund manager, focussed on long-term real assets through investment activities in the infrastructure and private equity sectors.

EOS IM and the wider EOS IM Group, considers Responsible Investment (“**RI**”) and hence Environmental, Social and Governance (“**ESG**”) to be a central to its investment ethos. As a fund manager, EOS IM defines responsible investment as a strategy and practice to facilitate and incorporate ESG factors in investment decisions and manage these investments through active ownership.

Addressing ESG issues, ESG risks and identifying ESG opportunities has been determined by EOS IM to be crucial elements required to facilitate both a sound long-term investment policy and contribute to the wider global environment, helping to drive change. The approach is to identifying and mitigating material environmental and social and governance risks, encompassing the business integrity which (collectively referred to as “**ESG risks**”). The model adopted runs from screening to exit. This approach of mitigating ESG risk strengthens the resilience against potential downside risks for the longer-term investment strategies adopted by EOS IM. Whilst at the same time leading to value creation, through emerging global ESG changes, enhancing returns and investor reputations.

EOS IM Group has therefore established and approved this ESG Policy (the “**Policy**”) to clearly set out its approach to advising and investing. This Policy is designed to ensure that the Funds managed and/or advised by EOS IM, including the underlying sub-funds, investment vehicles and underlying investments (collectively known as the “**Fund(s)**”) are deeply committed to such Responsible Investment, with particular focus upon the ESG processes.

In order to implement its ESG approach, EOS IM has developed and implemented this Policy, taking into account several aspects of the ESG integration into pre-investment, post-investment, exit and reporting phases. It is recognised by EOS IM that the operation of an ESG focussed business as a Fund Manager and an Investment Adviser is a “**journey**” which requires continual enhancement and development. This is in terms of supporting the Fund, embracing new developments in ESG, and responding to changing laws and regulations.

Glossary and acronyms

Term / Acronym	Definition
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
Article 8	An article 8 fund under EU SFDR is defined as “a Fund 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	An article 9 fund under EU SFDR is defined as “a Fund that has sustainable investment as its objective” or “a reduction in carbon emissions as its objective.”
ESG	Environmental, Social and Governance
ESG DD	Environmental, Social and Governance Due Diligence
ESG Framework	The framework established by EOS IM to assess, deliver and monitor ESG within the EOS IM Group entities and the Fund(s). This includes policies, procedures and controls
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	EU Taxonomy means the 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
The Fund(s)	Alternative Investment Funds (“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. As well as being aligned with the ESG policies of the investment vehicles underlying investments (portfolio companies) of the Fund(s)
RI	Responsible Investment
UN PRI	United Nations Principles for Responsible Investment
UN SDGs	United Nations Sustainable Development Goals

Purpose and Scope of the Policy

The purpose of the Policy is to set out the structure and methodology adopted by EOS IM in relation to investment strategy, encompassing the advice, management, assessment, and generation of ESG sound practices for the Fund and a full commitment to international sound practice.

The processes and methodology for the Policy form a fundamental part of the role of EOS IM in the advice and management of the Fund. It is therefore of the utmost importance that the Policy is robust, accurate, consistent, and timely.

By drafting this Policy, EOS IM aims to pursue the following commitments both for what concerns the Firm and its operational activities, and the investment strategy:

- **Commit to ESG integration:** a formal commitment from the Top Management is designed to guarantee sustained institutional dedication and resources;
- **Set ESG objectives,** and monitor the related ESG risks and KPIs;
- **Practice ESG framework,** by integrating the Policy in daily activity through the acceptance of the ESG Procedures established by EOS IM; and
- **Engage with stakeholders,** by engaging on collaborative initiatives to support ESG integration both within EOS IM Group and the broader industry.

The **scope** of the Policy encompasses the Fund and the entities within the wider EOS IM Group.

The application of ESG at the portfolio level varies depending on the relevant investment strategy (the “**Investment Strategy**” or “**Investment Strategies**”) applied to the specific Fund. At the date of the issue of the Policy, the Investment Strategies covered by EOS IM’s investment related activities includes:

- **Infrastructure** – focussed on renewable clean energy;
- **Private Equity** – Italian focussed SMEs active in (i) high value-added industrial goods and processes, (ii) healthcare, (iii) food & beverage and (iv) business services, which can benefit from organic and international expansion as well as build-up opportunities; and
- **Fund of Funds** – focussed on investing in AIFs, primarily in Funds managed by EOS IM. It is to be noted that the application of the ESG Policy is driven and delivered by the activity and adherence to the Policy by the Funds, into which the Fund of Funds invests.

Governance of the Policy

The Head of Finance and Operations (“**HFO**”), as the EOS IM Group’s lead in relation to Sustainability and RI, is the owner and responsible for the maintenance and operation of this Policy as part of the ESG Framework.

The EOS IM Board retains overarching responsibility for the ESG Framework at EOS IM Group level, as managed by the HFO.

Material changes to the Policy can only be made with the EOS IM Board’s formal approval. Minor enhancements may be implemented, and the Policy updated by the HFO in coordination with the Control and Risk function and duly notified to the EOS IM Board, for information purposes.

As appropriate and where required the Boards of the individual entities within the EOS IM Group will either adopt this Policy or their own individual ESG policy, which is aligned to this Policy.

The Boards and all staff in the companies across the EOS IM Group are required to exercise due skill, care, and diligence in relation to the operation of this Policy. 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).

The individual investment business lines for each strategy are responsible for the application of the Policy to the investment strategy they are responsible for.

This Policy is subject to the approval of the EOS IM Boards (the “**Board**”).

Guiding Principles

When drafting this Policy, EOS IM takes into consideration the provisions of relevant international authorities as principles that guide the integration of ESG criteria into EOS IM operational activities and investment strategies.

The UN PRI is the world’s leading proponent of responsible investment. It works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

In particular, the Principles of the PRI adopted by EOS IM as a commitment under its signatory, are (*copy extracted below from PRI*):

Signatories Commitment

“As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- **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.

The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

We encourage other investors to adopt the Principles.”

EOS IM’s ESG framework, through its methodology and approach, is also designed to align with and applies (where applicable) the requirements arising from the “**EU SFDR**”, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. The ESG framework also takes note of the provision of other relevant EU Regulations, such as the **Regulation (EU) 852/2020** on establishment of a framework to facilitate sustainable investments known as “**EU Taxonomy**”.

It is to be noted that the infrastructure in renewable energy strategy includes EOS Energy Fund II S.C.A. SICAV-RAIF, which is at the time of this Policy categorised as an article 8 Fund under EU SFDR. As such the Fund seeks to promote, among other characteristics, an environmental characteristic in the context of article 8 of the EU SFDR. This includes the issue of the relevant disclosures in the documentation. This Policy forms part of this disclosure.

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**”), and the United Nations Sustainable Development Goals (“**UN SDGs**”), defined in the broader framework of the Agenda 2030.

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 Ethics.

ESG integration into EOS IM organisational structure

EOS IM in its role as a fund manager 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 Firm's and EOS IM Group's organisational structure and operating activities.

Environmental Perspective

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 at operating in compliance with applicable local and national laws. EOS IM and the EOS IM Group encourages the efficient use of natural resources and promotes material re-use and recycling mechanisms, to promote the improvement of the environment wherever possible and mitigate its impacts. EOS IM intends to contribute to the fight to climate change minimising both its own direct operational emissions and the through the management Fund(s).

Social Perspective

From a social point of view, EOS IM ad the EOS IM Group entities aim to provide safe and healthy working conditions for their employees and act in compliance with applicable laws and regulations. The entities intends to treat all employees fairly, provide opportunities and to respect their dignity, well-being, and diversity. The same approach is adopted through the management of and investment services provided to the Fund(s).

Moreover, EOS IM and the EOS IM Group entities aim to provide training and awareness in relation to the ESG framework operated and specific related topics applicable to the activities. In accordance with the PRI Principles, entities and the individuals from the wider EOS IM Group participate in training and awareness for external parties, through for example speaking at conferences, issuing thought leadership articles and similar activities.

Annually, the organisation assesses the responsible investment capabilities and training needs among the investment professionals.

Through the Funds and its activities, EOS IM and the EOS IM Group promotes community programmes to manage business impact on local population.

Governance Perspective

From a governance perspective, EOS IM and the EOS IM Group entities aim to act in an honest manner with integrity, fairness, and respect in all business dealings, and to manage affairs prudently and with the appropriate due skill, care, and diligence. As part of this ethical approach, the dealings with all of its stakeholders is designed to be objective, consistent, and fair.

The governance structure is established with the appropriate committees and control infrastructure designed to ensure proportionate oversight, participation and operation within the entities. The key committees being the EOS IM Board, the Investment Committee and the ESG Committee. This organisational structure is designed to adhere to laws and regulations. This

framework manages potential conflicts and prevent 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 entities maintain appropriate records and reports, including transactional, financial and tax information.

EOS IM has internal and external specialists competent in the areas of the Policy. Each specialist’s role is to provide advice within the organisation and to target companies, both during the initial investment process and afterwards during the portfolio management of target companies through to exit. This supports the training, awareness, and competence, in terms of the delivery of the ESG Framework.

In summary, ESG has been integrated into the organisational structure with the objective of acting professionally, in accordance with sound practice, whilst protecting the good reputation of the wider group, the individuals, Fund(s) and stakeholders.

ESG integration into EOS IM investment processes

ESG Risks

The Policy considers ESG Risks as being a combination of specific risks to a topic and a multitude of risks that run cross topic i.e. are closely linked and are falling into multiple categories. The purpose of the ESG Risk approach is to consider key risks, identifying, establishing processes and monitoring to control and manage the risks. Through the investment cycle, the aim is to avoid significant ESG Risks, investing activities and companies which can support the active promotion and enhancement of the ESG objectives. Examples of such promotion being the reduction of climate change.

The following areas – amongst others – are pertinent ESG topics that are covered under this management system.

Key Environmental and Social Topics	Key Governance and Business Integrity Topics
Climate change	Fraud and other criminal conduct
Labour and working conditions	Corruption and bribery
Health and safety,	Money laundering, terrorist financing and sanctions
Diversity, equity and inclusion	Breaches of sanctions regimes
Resource efficiency	Tax evasion
Forced labour, child working and trafficking	Conflict of interest

Client protection	Cyber security
Cross-Area Topics	
Governance, including risk and corporate governance	
Grievance and/or whistleblowing mechanisms	
Data protection and privacy, including human rights	
Ethics	
Regulatory risks	
Reputational risks	

Reference Framework

The ESG Policy and the consideration of ESG Risks are taken in the context of and with reference to the EU SFDR, the EU Taxonomy and the UN PRI, as the case might be.

As part of the ESG Risk assessment within the Reference Framework, the risks will be considered in term of severity and magnitude. Due to the nature of ESG Risks, it is not possible to establish precise numerical risk levels, as this involves both qualitative and quantitative judgements. The table below sets out the standards applied when considering the ESG Risk levels.

Risk Level Category	Definition	Outcome / Action Mitigant
Low inherent risk	Business activities with minimal or no adverse ESG risks or impacts. ESG risks and impacts are generally limited to common issues such as labour standards and occupational health and safety.	Action plan and implementation of standards to be set with the objective of meet legal and sound practice standards. Outsourced practice to be required to apply standard.
Medium-low inherent risk	Business activities with the potential for limited adverse ESG risks or impacts that are few in number, generally site specific, largely reversible, and readily addressed through well-known mitigation measures.	Normally, appointment of a qualified consultant to complete and support the implementation of the ESG due diligence action. Site visit(s) to verify and assess real-world operations. Include an ESG action plan and clauses in legal agreements e.g. as condition precedent/subsequent.

<p>Medium-high inherent risk</p>	<p>Business activities with generally limited potential adverse ESG impacts or risks that are site-specific and readily addressed through mitigation measures, but which have some specific features that can have significantly larger adverse ESG impacts. Companies, likely to fall are this banding include those which involve construction of greenfield assets (during the construction phase).</p>	<p>Site visit(s) to verify and assess real-world operations. a qualified consultant to complete ESG due diligence and action plan, including site visits.</p> <p>Legal agreements and operating requirements with outsourced suppliers and construction companies include requirements to meet standards (including health and safety).</p>
<p>High inherent risk</p>	<p>Business activities with significant adverse ESG risks/impacts that are diverse, irreversible or unprecedented. Impacts cannot be mitigated, or, if they can be mitigated, only at significant cost.</p>	<p>The investment process will either be terminated or be required with proceed with extreme caution and consider whether the ESG risks associated with such a project can reasonably managed.</p> <p>ESG due diligence will be completed by primary international advisor(s), releasing a report to be sent to Investment Committee for assessment before a final investment decision is taken.</p>

Overview of Implementing the ESG Strategy

EOS IM integrates ESG factors within the various stages of the investment cycle, starting with the scouting of investments, selection of investments & due diligence, investing, managing investments and through to final divestment. The oversight of the ESG integration is attributed to the Board.

ESG integration happens throughout the investment process. EOS IM identifies ESG topics which are material to its activities. The Firm implements management systems which enable identification, management and monitoring of key ESG Risks and performance indicators (“KPIs”) and as such any ESG benefits and risks. These contribute to the calculation for expected returns of asset classes. The Firm also identifies and tries to minimise the principal adverse impacts (the “PAI”) of its investment activities on sustainability factors. Moreover, EOS IM assesses the sustainability outcomes – being negative or positive – of its activities. The assessment including a climate risk assessment for the period of current climate risks up to the years and future climate risks of ten to thirty years. EOS IM Group will be supported by external consultants, who bring access to underlying data, to facilitate the performance of climate risk assessments.

From an environmental point of view, EOS IM aims to minimise the emissions of the Fund’s assets, to promote the efficient use of natural resources, recycling of resources of the materials used, to

avoid damaging biodiversity-sensitive areas and to consider ESG criteria in product lifecycle management.

From a social point of view, the objective is to attain safe and healthy working conditions for employees and contractors of all businesses in which the Fund(s) invest in, including compliance with applicable laws and regulations. Moreover, the Firm wants the businesses in which the Fund(s) invest to respect human rights and treat all their employees and contractors fairly, to care for their well-being, to promote diversity.

Moreover, the objective is for the businesses in which the Fund(s) invest, is to source raw materials and products from suppliers in accordance with a sound social approach, and to operate in a manner whereby they are not involved in child labour, modern slavery or human trafficking. This is incorporated into the EOS IM Modern Slavery & Human Trafficking Statement.

From a governance point of view, the oversight of the incorporation of ESG into the Investment process is the responsibility of the IC. The investment teams are responsible for the ESG input from a transactional perspective, gathering information and initial assessments, filtering out potential targets that do not meet ESG criteria and other related control processes. A key element of both the pre-transaction assessment and the post-acquisition implementation, will be the strategy adopted. This starts with the investment thesis setting out the rationale and objectives to be achieved by the investment, through to the “100 Day Plan”, setting out how this is intended to be delivered. The IC will also encompass portfolio assessments, including the progress and ESG status of portfolio companies.

A key the objective is for the Fund’s investee companies to apply the same standards as EOS IM and the EOS IM Group entities from an ESG perspective on ethics, integrity, governance and oversight control.

The ESG integration will be applied in varying degrees depending on the nature of the Investment Strategy. For what concerns the investment cycle for clean energy funds, ESG criteria will be applied throughout the sequential phases of (i) Sourcing transactions and authorisation of clean energy plants (prior to construction and/or operation), (ii) Design and construction (for the renewable clean energy greenfield strategy), (iii) Operation and (iv) Divestment / Decommissioning.

For what relates to the investment cycle for classic private equity, the Investment Strategy focusses on the secondary purchase and sale primarily of existing SME manufacturing companies, which are currently operating successfully. The sourcing and selection process encompasses a negative and positive filtering process which includes ESG, in terms of the activity conducted, the current ESG profile/characteristics and the potential for enhancing the ESG profile of the target company and its products.

The Fund of Funds strategy, primarily encompasses the investment in AIFs, rather than directly in underlying real assets. As such, the analysis of investments will take into account and assess the profile of the AIFs, their status and their underlying portfolio in terms of ESG.

In order to ensure that adequate attention is given to the ESG integration into the investment process, the Investment Committee membership includes the direct representation of ESG through the membership of the HFO, as well as Board Members with overarching responsibility for ESG. EOS IM links ESG objectives to variable remuneration schemes and overall remuneration

and staff assessments. It represents part of the broader objective of increasing EOS IM Group employees' awareness of ESG issues. This is incorporated into the EOS IM Remuneration Policy.

Management of ESG Risk

Effective ESG risk management at the portfolio level includes i) risk assessment and ii) ongoing active ownership, iii) risk monitoring of portfolio companies and iv) reporting. Risk assessments should be proportionate to the nature of the investment strategy, the stage of the lifecycle of the portfolio company and the EU SFDR categorisation of the Fund i.e. article 6, 8 or 9. The framework established for the relevant Fund, being used to identify adequate risk mitigation and monitoring approaches. These assessments are dynamic exercises and should be refreshed across the investment cycle of the Fund and the portfolio companies or when the risk profile of a portfolio company materially changes.

Risk assessments for portfolio companies typically involve identifying inherent ESG risks in the company's business and operating model, including counterparties, supply chains and associated facilities.

Risk assessments help in identifying gaps between the portfolio company's prior/anticipated/current performance and the fund's reference framework including the ESG Policy for responsible investing, EU SFDR, EU Taxonomy and other international standards.

Set out below in the table are the stages of assessment with illustrations of objectives and the tools used to manage the process through the investment stages.

Objectives	Tools
Sourcing & Screening	
<ul style="list-style-type: none"> ▪ Identify any fatal flaw in the deal, such as involvement in an excluded activity or with a sanctioned party. ▪ Assign the deal a risk category. 	<ul style="list-style-type: none"> ▪ Investment analysis at sourcing & through Investment committee process ▪ Investment categorisation & exclusion lists ▪ External Due Diligence

Risk Assessment and mitigation	
<ul style="list-style-type: none"> ▪ Objective: Assess the commitment, capacity and track record of the company and key executives (seller). Analyse ESG risks and opportunities, including foreseeable changes in strategy, business and operational plans. ▪ Process: Conduct a pre-investment ESG risk assessment of the company. This typically includes a review of ESG documentation (policies, systems and permits obtained / to be obtained), a search for ESG concerns in the public domain, physical asset assessment (including building plans). ▪ Outputs: <ul style="list-style-type: none"> ○ Add an ESG risk analysis – summarising key findings of the risk assessment – in Investment Committee Papers, where relevant or applicable. ○ Include ESG clauses in legal agreements with investees, such as: <ul style="list-style-type: none"> ▪ compliance with applicable ABC, AML and sanctions regulations and safeguarding requirements; ▪ immediate reporting of ESG issues identified and/or incidents; ▪ ability to potential veto or review rights on changes in strategy or business plans. ○ An ESG action plan should be implemented and included in legal agreements, where appropriate. 	<ul style="list-style-type: none"> ▪ ESG review performed by external expert professional service providers ▪ ESG risk categorisation ▪ ESG legal clauses ▪ ESG action plan
<ul style="list-style-type: none"> ▪ Follow-on investments (including upgrading and enhancements (“Revamping”), addition of battery storage, etc.): ESG opportunities, ESG Risk categorisation, risk assessment are refreshed and updated. Consider enhancing ESG clauses and action plan, where needed. 	
<ul style="list-style-type: none"> ▪ Co-investments: Where the fund is offering a co-investment to a limited partner or appropriate third party (“Partner”), engage early to align on ESG expectations. Where possible, an ESG Due Diligence pack should be shared with the Partner, including the completed ESG risk assessment. If the Fund is to become the co-investor the same information is required to be obtained and assessed. 	

Ongoing risk monitoring	
<ul style="list-style-type: none"> ▪ Ongoing monitoring of ESG risks connected to portfolio companies, including refreshing risk assessments (and action plans when applicable) on a periodic basis and at key milestones, such as construction rounds, regulatory approvals, new market entry etc. ▪ Support portfolio companies to implement ESG management systems relevant to their activities designed to mitigate ESG challenges, pursue opportunities and continue to improve overall ESG performance. Conducted through service provider, as part of EOS IM Group activity. ▪ Proactive management of ESG issues, where and if they arise. Where the shareholding is with a Partner, to ensure ongoing influence and information sharing. ▪ Periodic review the ESG performance of each active portfolio company on an annual basis at a minimum. 	<ul style="list-style-type: none"> ▪ ESG Portfolio company reporting (standard) ▪ Serious incident reporting ▪ Partnership agreement ▪ Periodic ESG overarching status assessment
Responsible exit / divestment	
<ul style="list-style-type: none"> ▪ Encourage purchaser to ensure that good ESG practices remain in place following exit and to encourage a long-term focus on ESG performance. ▪ Conduct AML/KYC checks on purchasers, as required. ▪ Responsible wind downs - In the unlikely event that a portfolio company is required to be wound down and/or a plant de-constructed, this is to be performed in a responsible manner; potentially reducing the risk of ESG liabilities or grievances. 	

ESG in the pre-investment phase

Exclusion & Inclusion strategy

The EOS IM Group has established an Exclusion List (reference is made to the *Appendix 2: "Exclusion List"* of the present document) of sectors where it is assessed that in general the activities will not be in compliance with the ESG ethos and principles established for the Funds. In addition, the Exclusion List considers geographical based exclusions, where jurisdictions are subject to international sanctions and embargos. The same methodology being applied to sanctioned individuals as well.

All potential investments will be screened against the Exclusion List. It is noted that in exceptional circumstance, exemptions may be granted if it is believed this is appropriate and the investment would not be contrary to this Policy, due to the specific circumstances.

The funds which are active and within their investment period will operate an inclusion strategy that encompasses the following:

- include within the Fund documentation the exclusion requirements to be applied for investment selection purposes; and
- take as a positive selection criteria factor, investments that both meet the investment objective criteria of the relevant fund and have strong ESG characteristics such as supporting the combating of climate change.

Non-financial criteria

The EOS IM Group will consider other non-financial criteria for investments, these include and supplement the Exclusion List items. The key non-financial which are incorporated into the investment process with the ESG Policy and will also be specifically considered for funds if categorised for EU SFDR as either article 8 and article 9 are:

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.

The above criteria will be assessed by the EOS IM Group in its relevant capacity as Discretionary Portfolio Manager or AIFM (where appropriate) in the pre-due diligence and due diligence phases according to best practices, internationally commonly recognised standards, and the applicable technical standards, set from time to time by the applicable regulations including but not limited to regulatory technical standards envisaged in EU Taxonomy. These requirements are defined in the Fund's investment policies, which are amended and updated from time to time.

ESG materiality analysis

An ESG materiality analysis is conducted for potential investments through the assessment of topics which are relevant on an asset level, as each case is unique, and on a mix of industry-level and asset-level.

EOS IM uses some tools and standards to draft the materiality analysis, such as the Sustainability Accounting Standards Board (“**SASB**”); ESG Rating providers as a proxy for investors’ views; geopolitical and macro-economic considerations; an internal approach which is a blend of external (SASB, World Economic Forum (“**WEF**”), EU SFDR, EU Taxonomy) and internal materiality factors. An outline of the ESG material topics is given in the above-mentioned section *Overview of the ESG Strategy*.

Material ESG matters need to be discussed by the Board at least once a year. ESG material topics concerning investments are discussed by the Investment Committee (the “**IC**”). In the assessment of potential investments, material issues and negative ESG conclusions will lead to the abandonment of potential investments (where applicable); help identify risks and opportunities for value creation; help identify remedial actions for the action plan (e.g. “100-day plans”); impact investments in terms of price offered and/or paid by having an effect on revenue, CAPEX and OPEX, and on the cost of capital or discount rate assumptions (where applicable).

The materiality analysis driven by the investment teams helps EOS IM identifying ESG-related risks and opportunities to manage during the holding period in order to create value. For this reason, the outcomes are incorporated into the Firm strategic asset allocation.

Due Diligence

The identification and assessment of material ESG factors will be supported and conducted by external experts, through dedicated Due Diligence (“**DD**”). Requirements from EU Regulations also constitute an input to the ESG DD.

As a methodology, the approach will include a high-level/desktop review against an ESG checklist for initial red flags is conducted. The ESG DD will encompass the appointment of professional external ESG consultants to review and assess the ESG status of target companies, along with their prospects. From a Governance perspective, this DD will for example include conducting adequate KYC and reputational checks prior to acquisition into the entity, ultimate beneficial owners (UBOs) and controllers (individuals who have executive control and influence on the company's affairs, such as senior management, directors and promoters). The overall ESG DD process may include site visits and the conduct of in-depth interviews. An outline of the ESG areas deepened in the DD is given in the above-mentioned section *Overview of the ESG Strategy*.

ESG DD findings are incorporated in all relevant investment process documentation in the same manner as for other key due diligence (e.g., commercial, financial, tax and legal). This encompasses the ESG opportunities for the target company to grow and develop, contributing both value to the worth of the company, as well as the wider ESG objectives of the Fund. At the same time taking into account the ESG Risks and how they can be managed/mitigated.

EOS IM IC is ultimately responsible for ensuring all ESG DD is completed and incorporated into the overall decision process, in the same manner as for other key due diligence. This requirement applies whether EOS IM is appointed as the AIFM or the Discretionary Portfolio Manager.

ESG in the post-investment phase (portfolio companies)

Action plans

Company specific ESG action plans are developed based on pre-investment research, due diligence, and materiality findings. The risks and opportunities identified in the DD process are incorporated into the action plan (e.g., “100-days plan”).

The assessment will include an outline of identified key remedial actions, designed to address the issues highlighted in the due diligence report with specific regards to the risks that should be mitigated or, if possible, eliminated in the very short term. The costs arising from the resulting red-flag report as required actions and/or investment is also appropriately taken into consideration in the acquisition price of the target and therefore negotiated with the seller.

Such plans are then regularly adjusted based on performance monitoring findings. If needed, external advisors are hired to provide support with specific ESG value creation opportunities.

Appropriate monitoring is put in place in order to make sure that the objectives are met within the set timeframe. The Investment Team is accountable for such implementation, reporting to the EOS IM IC.

Monitoring & ESG Targets

Post investment, EOS IM will assess the investee companies in the portfolio, monitoring some ESG KPIs in a manner designed to ensure the implementation of recommendations arising during the investment acquisition process. The monitoring and the following of the implementation may be followed up by external experts / service providers or it can be performed internally, depending on the nature and outcome of the ESG due diligence.

The KPIs that are targeted to be tracked during the year across all EOS IM’s the Fund(s) investments are the following:

- **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 Investment Team is responsible for monitoring the ESG KPIs established, and together with the IC sets the ESG targets. For the majority of the KPIs, targets are set using industry benchmarks/standards and against global benchmarks or thresholds (e.g., on climate change and/or the SDGs). Targets, for infrastructure investments only, are also set to achieve incremental improvements based on past performance.

Support is given to the portfolio companies in developing and implementing their ESG strategy, including through finding external ESG expertise (e.g., consultants or auditors). Best practices are shared across the portfolio (e.g., educational sessions or implementation of environmental and social management systems). Training on ESG aspects and management of best practices relevant to the portfolio companies are developed by C-suite executives and employees (where applicable).

EOS IM and the investment teams review the performance and improvement of the investee companies against both the action plans and the Policy.

Under the ESG Framework it will also start identifying the intended and unintended sustainability outcomes from its activities. Sustainability outcomes for EOS IM activities are identified at asset level, at economic activity level at company level and at country/region level.

The aim is to shape positive and manage negative outcomes in the environment and society in which the EOS IM Group and the Fund(s) operate and intends to play an active role in monitoring them. For what concerns the negative outcomes, EOS IM monitors the PAI of its investment decisions on sustainability factors.

The ESG Framework's objective is to estimate the positive economic and social outcomes of the portfolio companies under the Fund(s). This is considered to be an on-going process, enhancing the quality of the methodology and data on a continued basis, using the support of top-tier consultancy firm in partnership. These estimate the positive impacts are to be considered in terms of the contribution to the SDGs of the United Nations.

The policies and guidelines set on sustainability outcomes refer to the following global or regionally recognised frameworks:

- The UN Guiding Principles on Business and Human Rights (UNGPs);
- The UN Sustainable Development Goals (UN SDGs);
- The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional; and
- EU Taxonomy and EU Regulatory Technical Standards (“RTS”) on ESG disclosures.

Stewardship activities

EOS IM applies the stewardship approach in accordance with its Stewardship Policy to the Fund(s) portfolio companies, for whom it is appointed in a fund management role.

The approach to stewardship, which is led by the Investment Team is determined on a case-by-case basis, taking into account the EOS IM Group’s duties to the Funds, the nature of the investee companies (in which the Funds are invested) and the actions that will lead to favourable outcomes for value creation, including ESG benefits, for the investments.

For each entity in which the Funds invest in, a different prioritisation approach is therefore considered and set to properly address the specificity of each target company. This is accompanied by interaction with internal and external stakeholders. These will include when applicable, co-investors, as well as with external stakeholders such as government, local communities, and policymakers.

Key objectives from the approach to stewardship include promoting strong and effective governance, sustainable business practices and engagement.

Exit / Divestment phase

When the divestment stage of the investment cycle approaches, EOS IM believes it is important to quantify the results of the holding period to prove the effectiveness of the Fund(s) investment and management, creating value. ESG enhancements being a key element promoted by the Fund(s).

Therefore, the Investment Team performs an evaluation of the KPIs monitored, achievement of objectives and progress of planned ESG actions, comparing the pre-investment with the post-investment ESG performance. Such information is made available to prospective buyers.

All divestments go through the Investment Committee process.

Moreover, EOS IM encourages the firm that will take over the investment to keep on integrating ESG criteria into investment strategies. To this end, EOS IM shares a set of key documents with potential buyers on ESG, to ensure that at least the same level of attention is implemented.

Communication to investors

EOS IM and the entities in the EOS IM Group are fully cognisant of the importance to investors of ESG. As such it is strongly motivated in the provision of information to assure the Fund(s) investors as to both its deep commitment to operating in accordance with ESG sound practices and the delivery of this commitment.

The objective of EOS IM is to report on core ESG data and targets to the investors, working both on an aggregate level and on a portfolio company level through formal periodic reporting (see below). Moreover, the Firm communicates to investors at digital or physical events or meetings or on an ad hoc or informal basis on relevant matters.

Reporting

a) Internal Reporting

The ESG Committee, the IC and the Board are primary recipients of the ESG element of the reporting, through investment cycle processes, portfolio reviews and ESG Framework assessment.

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

- i. **Investment Committee:** For transaction related and on-going portfolio status;

- ii. **ESG Committee:** For material ESG matters, projects and framework assessment;
- iii. **EOS IM Board:** For overarching ESG Framework and material matters.

The reports and information are collated and created by the Investment Teams, personnel responsible for sustainability and other support staff, as appropriate.

EOS IM will start reporting on the implementation of its procedures and the actions of the Firm's operational activities and the investee companies on the portfolio through a specific Sustainability Report. The HFO will be responsible for the creation and issue of this ESG reporting document.

b) Reporting to Investors

i. Annual ESG reporting

Reporting on ESG will be included as part of the bi-annual reporting to investors. The reporting will cover ESG of the Fund overall, the portfolio companies, with applicable changes and developments. The status for portfolio companies in the Investors Report, EOS IM includes information about qualitative and quantitative analysis such as KPIs related to ESG performance; about the progress on our sustainability outcome objectives, including indicators relating the extent to which sustainability objectives are met that are required by the regulations; on stewardship results; and on ESG incidents, where applicable.

ii. Serious incident reporting

EOS IM will report to investors in the events as set out below.

- of any serious incidents involving portfolio companies. These include, but are not limited to, incidents that result in loss of life; severe permanent injury or permanent damage to health; a material adverse environmental or social impact; material financial crime including fraud, bribery and corruption, money laundering, terrorism financing and tax evasion; financial mismanagement; breach of applicable sanctions and exposure to a sanctioned entity; material legal or regulatory breaches; serious cyber security and data protection breaches; criminal activity or enforcement from government enforcement authorities; and a material breach of the reference framework.
- Human rights issues such as safeguarding incidents will be reported to LPs ensuring a victim-centric approach (i.e. ensuring anonymity for victims and aiming to mitigate the risk of reprisals against victims). It is to be noted in the context of safeguarding, that the portfolio companies do not currently employ staff, outsourcing the performance of operational functions including contractually constructing the solar plants.

Following a serious incident, a root-cause analysis will be completed and, on a best-effort basis, implement corrective actions intended to prevent a recurrence.

Co-ordination with Third Parties

EOS IM Group will coordinate with and provide information to third parties connected with the relevant Fund, including but not limited to a third party AIFM (if appointed to a fund), in relation to ESG, including but not limited to ESG frameworks, categorisations of the Fund(s) i.e. article 6,8 or 9 of the EU SFDR, as well as factors such as monitoring data collected for KPIs for underlying investments and the Fund(s).

Training and Awareness

All relevant EOS IM Group personnel are provided with training and awareness in respect of Group policies, including this ESG Policy and the wider ESG framework.

Revisions and Approval of this Policy

This Policy is subject to the approval of the Board and will be made available to relevant external parties, where appropriate.

EOS IM audits the implementation of the Policy and related procedures through internal reviews, on an ongoing and annual basis.

This Policy will be subject to review at least annually. Amendments can be done when required, on an ad hoc basis.

Contacts

If questions arise in relation to the interpretation and or requirements under the ESG Policy arise, the HFO should be contacted.

Appendix 1: Approach to Climate Change

EOS IM exercises oversight over climate-related risks and opportunities by incorporating climate change into investment beliefs and policies and by monitoring progress on climate-related metrics and targets.

Under this approach it identifies climate-related risks/opportunities and reports them back to the Board, the ESG Function, the ESG Committee and/or Investment Teams. The Management implements the agreed-upon risk management measures, and monitors and reports on climate-related risks and opportunities. The results of the monitoring are included within the standardised reporting in relation to portfolio and investments. The Management applies staff, training, and budget, to be available to assess, implement risks/opportunities and measures.

The Fund(s) invest in specific sectors and/or assets that that either contribute significantly to achieving the climate goals or have opportunities for companies to reduce their impact on climate change to varying extents, whilst supporting economies. For example the clean energy infrastructure strategy, with operating Fund(s) is supporting economies in their transition from carbon-based energy production to renewable energy as integral, as a core part of the investment strategy. EOS IM constantly monitors the evolution of technologies in relation to their reliability and competitiveness such as the case of batteries and “Power-to-Gas” systems, or “green” hydrogen, meaning hydrogen generated from electrolysis powered by renewable.

For Fund(s) which may be categorised as article 8 and article 9 funds, EOS IM Group will perform climate risk assessments on the portfolio companies, to provide data for consideration and where appropriate action.

More in relation to processes EOS IM has in place to identify and assess climate-related risks is included in the EOS IM Risk Policy.

Appendix 2: Exclusion List

EOS IM will not advise on or invest in or have any supplier which has any activity, production, use of, trade in, distribution of or involving, but not limited to:

Sectors:

- *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.
- *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 Locations

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.

Individuals

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.