

ISQ Energy Transition Infrastructure Fund

Level 2 Article 9 Website Disclosures in accordance with SFDR (as defined below)

a) Summary

These sustainability-related disclosures (the “**Website Disclosures**”) relate to ISQ Energy Transition Infrastructure Fund (the “**Fund**” or “**financial product**”, as applicable) and are made pursuant to Article 10(1) of Regulation (EU) 2019/2088 (“**SFDR**”).

The following information is intended only as a summary and investors should refer to the confidential private placement memorandum of the Fund (the “**Memorandum**”) for the full terms of the Fund. The Memorandum shall prevail in case of any discrepancy between these Website Disclosures and the Memorandum. Capitalised terms not defined within this document shall have the meaning given to them in the Memorandum.

Section	Summary
Sustainable investment objective of the financial product	This section sets out the Fund’s sustainable investment objective within the meaning of the SFDR, which is to support the environmental objective of climate change mitigation.
No significant harm to the sustainable investment objective	This section includes a description of how I Squared Capital Advisors (US) LLC (the “ Manager ” and, together with its affiliates, “ ISQ ”) plans to ensure that the Fund’s portfolio investments do not cause significant environmental and social harm by: (i) assessing environmental, social or governance (“ ESG ”) events or conditions which may occur in relation to such Investments that could cause an actual or a potential material negative impact on the value of such Investments and/or its cash flows (“ Sustainability Risks ”); (ii) taking into account Principal Adverse Impact Indicators (“ PAIs ”); and (iii) assessing potential investments with regards to alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.
Investment strategy	<p>This section describes the investment strategy of the Fund, which is to achieve long-term capital appreciation as well as income primarily through controlling equity and equity-related investments in companies and infrastructure projects located in the OECD geographies. The investments will relate to the production, transmission, distribution, management, and use of renewable energy, renewable fuels, energy storage, and low-carbon solutions, including within the electricity, transport, and heating and cooling sectors.</p> <p>This section also includes a description of the Fund’s policies to assess good governance practices of investee companies.</p>
Proportion of investments	This section sets out that the Fund will only target investments with the environmental objective of climate change mitigation and that such investments will comprise 100% of the Fund’s investments.

	This section also confirms that the Fund makes a 0% commitment to alignment with the Regulation (EU) 2020/852 (the “ EU Taxonomy ”).
Monitoring of sustainable objective	This section describes how the sustainable objective of the Fund will be monitored throughout the lifecycle of the Fund through: (i) the monitoring of and reporting related to certain metrics and key performance indicators (the “ KPIs ”) and; (ii) engagement with investee companies.
Methodologies	This section describes the methodologies used to measure the attainment of the sustainable investment objective and how the sustainability indicators to measure the attainment of that sustainable investment objective are used.
Data sources and processing	This section describes: (i) the data sources used to attain the sustainable investment objective of the Fund; (ii) the measures taken to ensure data quality; (iii) how data is processed; and (iv) the proportion of data that is estimated.
Limitation to methodologies and data	This section covers the limitations, which are not expected to be material, to the methodologies and data sources used.
Due diligence	This section describes the due diligence carried out on the underlying assets of the Fund, including the internal controls on due diligence and the external control on due diligence exercised through the use of external advisors to assist with the due diligence process, as appropriate.
Engagement policies	This section describes the engagement policies implemented with respect to investee companies, including active engagement with investee companies to reduce environmental, social and governance (“ ESG ”) risks, to improve their sustainability performance, and to meet the sustainability objective of the Fund.
Attainment of the sustainable objective	This section sets out: (i) that there is no index designated as a reference benchmark to meet the sustainable investment objective; and (ii) that the Fund will target investments seeking to support energy transition in view of the long-term global warming objectives of the Paris Agreement.

b) Sustainable investment objective of the financial product

The Fund will target deploying capital in investments that focus on enabling the energy transition from fossil fuels to renewable or cleaner sources of energy (“**Investments**”). The Fund’s sustainable investment objective is therefore to support the environmental objective of climate change mitigation.

c) No significant harm to the sustainable investment objective

The Fund has defined its sustainable investment approach according to the requirements of Article 2(17) of the SFDR. The Fund's Investments' Sustainability Risks will systematically be assessed by applying ESG due diligence practices to all underlying assets pre-investment and ESG management procedures post-investment throughout the investments' holding periods. In its investment decision making process, the Fund will seek Investments that contribute to the transition of energy systems – and hence, to the climate change mitigation environmental objective described above – and that also do no significant harm (“**DNSH**”) to other environmental and social objectives, taking into account the PAIs (as set out below). The Fund will also assess potential Investments with regards to alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as described below.

How PAIs are taken into account

The indicators assessed as part of the Fund's sustainable investment approach pertain to, in no particular order: greenhouse gas emissions, biodiversity, water, and waste, as well as social and employee matters in the context of good governance. The indicators are selected from the PAIs prescribed under the SFDR. The Fund will consider PAIs through risk and opportunity analyses across the investment lifecycle, including investment due diligence. To permit the investment committee to determine if an investment can be classified as a sustainable investment, each potential investment presented to the investment committee will include a formal assessment of ESG risk and opportunity including consideration of PAIs, alongside risks, benefits, and overall target returns. The Fund's subjective assessment of the PAIs, based on its reasonable judgement, will consider each of the 14 mandatory and selected voluntary PAIs (“Lack of a supplier code of conduct” and “Land degradation, desertification, soil sealing”), in assessing an investment's fit with the sustainability objective of the Fund and its suitability as a sustainable investment. The Fund's assessment in this regard will include expected process and outcome-related requirements and thresholds where applicable, to ensure that the investments DNSH to any sustainable objectives at the time of making the investment. Where appropriate, the Manager will propose post-investment ESG plans and asset management controls to monitor and, where necessary, engage with the portfolio companies on their continuous compliance so that the potential Investments will not cause material adverse impacts in the reasonable determination of the Manager.

The two voluntary PAIs have been selected based on likely areas of adverse impacts if sustainability factors are not assessed and managed by companies and infrastructure assets corresponding to the Fund's investment themes.

PAIs are taken into account through the following non-exclusive list of procedures to be employed by the Fund:

1. An assessment of potential material ESG risks for all Investments prior to final investment decisions;
2. Mitigation and/or management plans for relevant potential adverse impacts at investee company level;
3. Monitoring of relevant potential adverse impacts of investee companies through mandatory reporting; and
4. Responding to incidents relating to relevant potential adverse impacts through the Fund's position on the board and/or steering committee of the investee company (where relevant).

Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

The Investments are expected to be aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The Fund will seek to ensure that Investments are aligned with these standards and guidelines by:

1. monitoring and implementing an ongoing assessment of track record and/or breaches thereof by assets and portfolio companies at pre-investment during due diligence as well as post-investment; and
2. engaging with portfolio companies and project developers post-investment to implement processes and compliance mechanisms to monitor adherence to the standards (this includes, as a minimum, having policies in place addressing the main issues of the United Nations Global Compact (“**UNGC**”) and the OECD Guidelines, conducting a risk assessment and having a grievance mechanism for reporting any violations thereof); and
3. following an escalation process in case of any confirmed violations of the standards, to implement remediation and prevention actions.

d) Investment strategy

Investment strategy used to attain the sustainable investment objective

The Fund will seek to achieve long-term capital appreciation as well as income primarily through controlling equity and equity-related Investments in companies and infrastructure projects located in the OECD geographies. The Investments will relate to the production, transmission, distribution, management, and use of renewable energy, renewable fuels, energy storage, and low-carbon solutions, including within the electricity, transport, and heating and cooling sectors.

Policy to assess good governance practices of the investee companies

The Fund will assess investee companies’ good governance practices during the investment process in the following ways:

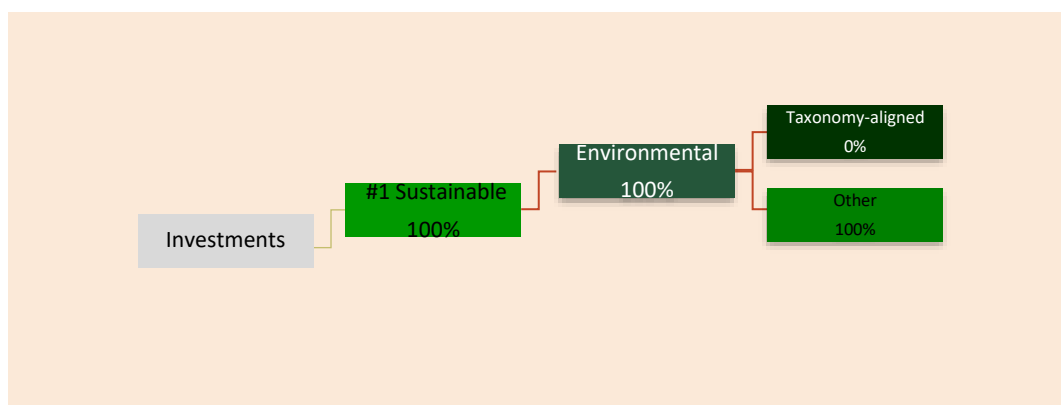
1. During pre-investment diligence, the Manager will customarily assess good governance practices of the investee companies through site visits, management discussions, third-party expert assessments, due diligence of compliance with local laws and regulations, including employment, labour, and tax or other ethical or financial compliance. These assessments generally look at the following issues, among others: non-discrimination policies, human rights policies, staff review, management structure and gender diversity, remuneration of staff and employee turnover, compliance oversight and approval, decision-making control and external risk management, pay structures, fair labour practices, ethical codes of conduct, bribery and anti-corruption and tax transparency.
2. Formal ESG assessments for each Investment will be presented to the Fund’s investment committee and include the outcomes of ESG diligence and assessments referenced above. Post-investment ESG action plans and asset management controls will also be included to address any gaps identified during diligence.

3. During ownership: (i) ongoing training may be provided to the portfolio companies to ensure adequate compliance with the Fund’s standards; (ii) adequate board representation will be maintained; and (iii) the Fund will take a day-to-day integrative approach to investee management.

e) Proportion of investments

The Fund has a 100% sustainable investment objective and will only target Investments with the environmental objective of climate change mitigation. Such Investments will comprise 100% of the Fund’s investments. The Fund does not make a minimum commitment to making investments that do not qualify as “sustainable investments” under the SFDR. However, the Fund may make investments in instruments for hedging and liquidity purposes such as hedging instruments and cash and cash equivalents. Such investments in hedging instruments will be made in line with ISQ’s internal hedging policy and to support the overall sustainable objective of the Fund and it is expected that the holding of excess cash and cash equivalents will only be temporary. For the purposes of this section, no distinction is made between direct exposures in investee entities and all other types of exposures to those entities.

The Fund makes a 0% commitment to alignment with the EU Taxonomy. In the future, the Fund will seek out EU Taxonomy-alignment of Investments where economically feasible and technologically attainable, however no assurance is made that the Fund will make any such investments.



f) Monitoring of sustainable investment objective

The environmental objective and the sustainability indicators used to measure the attainment of such objective are monitored by the Fund through the reporting of required information by each Fund investee company to the Fund.

The Fund will measure the attainment of its sustainability objective, firstly through added capacity metrics, as relevant to each investment, including renewable capacity and generation. Further, estimated avoided greenhouse gas emissions, will be reported where relevant or required and appropriate market standards are established. The Fund will also report scope 1, 2 and 3 greenhouse gas emissions. Additional metrics to support measuring the sustainability objective will be included as appropriate to each investment. The Fund retains the right to refine and expand these metrics over time including other sector specific climate metrics. For each of the Fund’s potential investments, a sustainability plan will be developed with KPIs tailored to the specific investment, to monitor and report regularly on progress against the Fund’s sustainability objective.

In line with the Fund typically seeking controlled equity stakes across its investments, the Fund will actively engage with the Management and the Board of its investee companies and work with them to reduce ESG risks, to improve their sustainability performance, and to meet the sustainability objective of the Fund. The Manager will further support investments in the development of ESG policies and procedures that it reasonably believes will help to achieve the sustainability objective of the Fund and manage investment-related risks. The Fund will request assets to report asset specific KPIs quarterly.

The Fund will continuously monitor key performance indicators and actively engage with its investee companies across the lifecycle of the investments to help meet the sustainability objective of the Fund and manage risks.

g) Methodologies

The Fund will primarily measure the attainment of its sustainability objective through the increase in the applicable production, storage, transmission, distribution, management and use of renewable energy, renewable fuels and low-carbon solutions that it is able to deliver through its investments. Secondly, where the Fund, in its discretion, assesses methodologies as advanced enough, it will also report the attainment of its sustainability objective through estimated avoided emissions. The Fund will measure the greenhouse gas emissions of all its investments and report on the Fund-level emissions annually. While it is expected overall emissions increase where the Fund builds and scales up infrastructure, the Fund will seek to reduce greenhouse gas emissions impacts as feasible.

The Fund will use the following indicators to measure the attainment of the sustainable investment objective for each reporting period, as relevant for each investment:

- 1. Added capacity (according to Table 1 below), as applicable for each investment theme:** these are intended to be the primary metrics for measuring the attainment of the sustainable investment objective of climate change mitigation in relation to investments into infrastructure businesses and assets that the Fund believes are key to the energy transition. Future investment themes may require the use of different capacity indicators and metrics, which the Fund may in its discretion include over time.

Table 1. Added capacity as relevant to each investment

Investment theme	Capacity indicators
Renewable Generation Capacity	Amount of new renewable power generation capacity added in Megawatts (“MW”)
Clean Fuels	Amount of new production capacity in MW or MW equivalents
Energy Efficiency	Megawatt hour (“MWh”) savings
Storage Capacity	Amount of new system power capacity added in MWs
	Amount of new system energy capacity added in MWh
Grid Stability	Amount of new system short circuit level added in megavolt amperes (“MVA”)
	Amount of new system inertia added in MWs
	Amount of new system reactive power added in megavolt ampere of reactive power (“MVA _r ”)

Electrification Transport / Heat	Capacity in MW equivalents
Other / ancillary investments	MWs, MWhs, MVARs, MVAs as appropriate

2. **Estimated avoided emissions if applicable to the investment theme (tCO₂e):** where the Fund assesses methodologies to be applicable to the relevant investment theme, it will report estimated avoided emissions of the investments based on the sub-sector of each investment.
3. **Scope 1, 2 and 3 GHG emissions at Fund-level (tCO₂e):** actual emissions will be monitored and reported at Fund-level.
4. **Scope 1, 2 and 3 GHG emissions intensity if relevant for the investment theme (scope 1, 2 and 3 GHG emissions / over Capacity indicators):** intensity metrics will additionally be reported based on the sub-sector of each investment.

The Fund may use its discretion to include other metrics over time.

h) Data sources and processing

Data sources used to attain the sustainable investment objective of the financial product

In order to attain the sustainable investment objective, the Fund expects to depend upon information and data provided by a number of sources, including the relevant Investments and/or third-party reporting providers or advisors. Data sources used to attain the sustainable investment objective may include:

- Quarterly or annual reporting by investee companies;
- Technical or project specific advisers' and consultants' reports or data;
- Suppliers and contractor data and reporting; and
- Government, university or scientific research and data.

The measures taken to ensure data quality

As applicable, reports provided by investee companies will be approved and checked by a representative or similar from the investee company to ensure data quality. Third-party technical, advisory or other counsel may also be engaged to ensure data quality.

How data is processed

Data is processed internally by the Fund. Data processing will be aligned with SFDR specified calculations, as applicable (for example, in relation to the calculation of Scope 1 - 3 emissions). Data may also be reviewed by third-party consultants for methodology, accuracy or other measures.

The proportion of data that is estimated

Estimations are at times required to be used to calculate greenhouse gas emissions data and estimated avoided emissions. This includes estimations or averages due to measurement of grid

intensities, time of use or avoidance. Scope 3 emissions calculations rely heavily on estimations and averages are often used.

i) Limitations to methodologies and data

No material limitations to the methodologies referred to in section (g) above and that data sources referred to in section (h) above are expected. However, the data provided by the relevant Investments and/or third parties may be incomplete, inaccurate or unavailable, which could cause the Fund to incorrectly identify, prioritize, assess or analyse or omit to examine in detail the investee entity's ESG practices and/or related risks and opportunities.

GHG emissions data is inherently uncertain, particularly in relation to Scope 2 and Scope 3 emissions and estimated avoided emissions, and there are significant limitations in relation to data provision, accuracy, and the requirement for the use of estimations. There are also limitations in methodology as reporting standards and protocols are revised or updated on an ongoing basis. This may lead to significant changes in calculations, methodologies, reporting and outputs, in addition to the inherent volatility due to asset operations, sales, construction and life cycle stages that are embedded in emissions reporting.

j) Due diligence

The Fund's ESG due diligence assessments will seek to screen, assess, and monitor several different sustainability risk and opportunity indicators, a selection of which are set out below:

Environmental: Environmental policy and systems, greenhouse gas emissions, energy usage, water, waste management, biodiversity, among others.

Social: Health and safety, employment conditions and composition including diversity, community relations, among others.

Governance: Governance policies and procedures, management oversight, supplier codes of conduct, ethical codes of conduct, tracking bribery/anti-corruption, involvement in sanctioned nations or with restricted parties, among others.

For each prospective investment, the Fund will consider certain PAIs to ensure the investment will "do no significant harm" (please see section (c) above). Where relevant to a deal, additional sector-related impact indicators will be assessed. These indicators may include added energy capacity, estimated avoided greenhouse gas emissions and energy savings. The Manager will proactively seek relevant information and ask for greater transparency where necessary to improve the overall sustainability risk assessment and seek to protect against reputational damage and potential value destruction. However, at times, limited information may be available, especially in the assessment of supply chains and related parties.

The due diligence carried out on the underlying Investments of the Fund typically consists of engaging advisors to assess specific ESG matters as appropriate.

k) Engagement policies

Engagement forms part of the Fund's strategy and is a core part of the attainment of the Fund's sustainable investment objective and ongoing monitoring of the Fund's sustainability indicators. Please refer to section (f) above for more details. If the Fund has cause to believe that an investee

company cannot or is unwilling to respect sustainability-related topics, the Fund will seek to specifically engage with that party on such matters.

l) Attainment of the sustainable investment objective

The Fund does not rely on an EU Climate Transition Benchmark or EU Paris-aligned Benchmark in accordance with Regulation (EU) 2016/1011 and as such does not seek to align with the methodological requirements set out in Delegated Regulation (EU) 2020/1818.

The Fund will target Investments seeking to support energy transition in view of the long-term global warming objectives of the Paris Agreement.