Energy Transition Investments – ESG POLICY

Energy Transition Investments S.C.A. SICAV-RAIF ("ETI" or the "Fund") is an investment fund that promotes sustainability features in line with article 8 of the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) (the "SFDR"). Particularly, the Fund is focused on equity and equity related investments mainly in unlisted portfolio companies that have the potential of enabling the energy transition and ultimately facilitating the transition to a low-carbon economy.

The Fund's ESG policy aims to ensure that sustainability factors are integrated throughout the investment lifecycle by enabling the identification and management of key sustainability risks, impacts and opportunities arising from investments through the incorporation of additional layers of scrutiny and due diligence in investment analysis-and-decision-making, as well as in risk monitoring.

This ESG Policy has been prepared pursuant to the requirements set out in the SFDR and following internationally agreed guidelines on ESG integration such as the Principles for Responsible Investment (PRI), the British International Investment Toolkits, or the GRI and SASB standards. In this context, ESG considerations are holistically integrated into the Fund's characterization and investment process as follows:

1. Fund's main characteristics and asset allocation

1.1. Characteristics

To contribute towards the energy transition, the Fund will mainly focus on businesses that have the potential of enabling, directly or indirectly, the energy transition and contributing to climate change mitigation. In that context, ETI has identified a number of verticals that will serve as non-exhaustive guidelines for the Fund's investment focus:

- Clean power
- Energy infrastructure & technology
- Sustainable industry
- Sustainable transport
- Sustainable buildings

Focusing on these verticals enables the contribution to the achievement of at least two specific UN Sustainable Development Goals (SDGs) as defined by the 2030 Agenda for Sustainable Development:

Goal 7: Affordable and Clean Energy. Particularly, the Fund is aligned with the following targets under ODS 7:

- 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix. To measure contribution towards this objective, the Fund will rely on the following indicator[1]: renewable energy share in the total final energy consumption

Goal 13: Climate Action. Particularly, the Fund is aligned with the following targets under ODS 7:

- 13.1: Integrate climate change measures into national policies, strategies, and planning. To measure contribution towards this objective, the Fund will rely on the following indicator[2]: total greenhouse gas emissions per year.

[1] These indicators are included in the screening checklist that will be explained in the upcoming section 2.1. Screening and categorization.

[2] These indicators are included in the screening checklist that will be explained in the upcoming section 2.1. Screening and categorization.

However, the Fund does not exclude the possibility of contributing towards the achievement of other SDGs in the future, as new investments are made.

1.2. Asset allocation

In this context, at least 50% of the Fund's assets will cover sustainable investments as defined by Regulation (EU) 2019/2088, whereas the rest of the Fund's assets may target investments that promote other environmental and social (E/S) characteristics that do not necessarily qualify as sustainable investments.

According to Regulation 2019/2088, sustainable investments are those focused on economic activities that contribute to an environmental or social objective, provided that the investment does not significantly harm (DNSH principle) any environmental or social objective and that the investee companies follow good governance practices. As it will be further explained in the upcoming sections, the Fund will leverage its due diligence, engagement, and monitoring practices to make sure that portfolio companies meet the DNSH principle and follow good governance standards by incorporating ESG criteria into the investment process. Particularly, the Fund will rely on the consideration of principal adverse impacts (PAIs) to enforce the DNSH principle.

While sustainable investments made by the Fund will aim to enable the energy transition and ultimately climate change mitigation, they might not be aligned with the European Union Taxonomy Regulation (EU Regulation 852/2020 and the related delegated regulations) (the "EU Taxonomy") as they might not qualify as environmentally sustainable economic activities, and in this respect comply with the technical screening criteria, as defined under the EU Taxonomy. This is mainly due to the following reasons: (i) the EU Taxonomy is an evolving live regulation that does not currently cover all the sectors nor activities involved in the low-carbon transition, and hence, at this point, it does not consider a lot of niche and emerging sectors such as the ones targeted by the Fund; (ii) Most target and portfolio companies may not yet face mandatory disclosure requirements in the context of the EU Taxonomy, and hence gathering eligibility and alignment scores from them may be too burdensome when not impossible. Therefore, the Fund may choose to invest in companies that are indeed aligned with the EU Taxonomy, but not as a strict requirement. This aspect of the policy may be updated and changed as the EU Taxonomy gets further developed.

Given the type of assets in which the Fund intends to invest, no specific benchmark index has been designated to determine whether the product achieves the sustainable objectives pursued or the E/S characteristics promoted.

2. Integration of ESG aspects throughout the investment process

The investment process consists of three main phases:

- **Pre-investment phase**: during which the investment team conducts screening analyses and due diligences of the target companies;
- **Investment decision phase**, which culminates in an agreement with the target company;
- **Ownership phase**, covering the holding period of the portfolio companies.

Sustainability considerations are integrated throughout these different phases as follows:

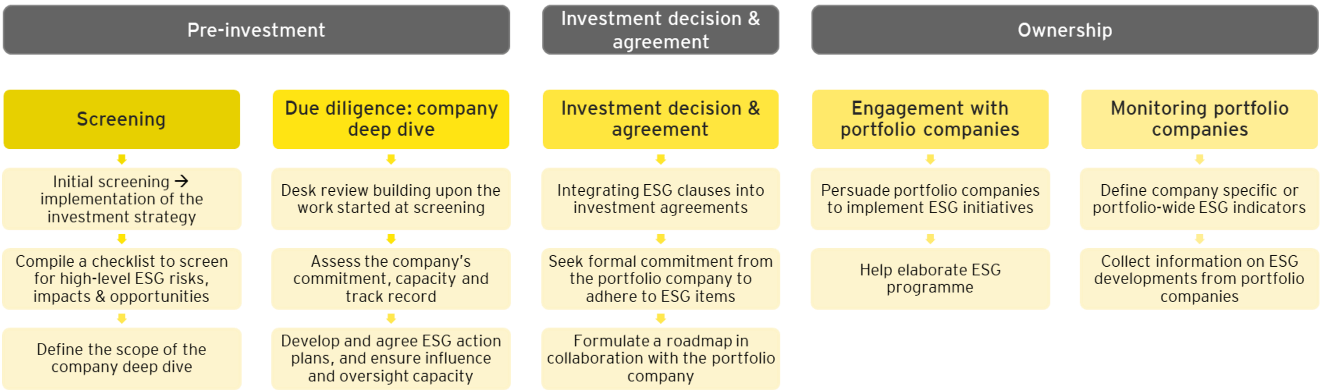

Figure 1. Integration of ESG considerations into the investment process

2.1. Pre-investment

As previously indicated, the investment process considers sustainability risks, opportunities, and main adverse impacts[3]. To this end, the investment team (henceforth "the team") may use its own methodology together with third-party tools and support to process and analyse information provided by the companies in the investment pipeline.

The team will periodically assess the accurateness and quality of the data provided as part of the continuous improvement of data sources in alignment with the requirements of applicable European and international regulations. The main priority for the Fund will be to obtain information directly from investees through the formal communication channels defined and the monitoring committees established to this end. When it is necessary to rely on external data providers, an evaluation process will be carried out to analyze the convenience, security, and quality of the data.

2.1.1. Screening and categorisation

Integrating ESG aspects throughout the initial screening phase aims to enable early identification of key issues that may significantly affect the Fund's portfolio and/or that may require significant time to resolve, saving time and resources, and enhancing planning and asset allocation towards ESG due diligence.

As a previous step to the analysis of any investment, the team will verify that the company or project in which the Fund seeks to invest does not belong to any illegal or controversial sector (e.g., weapons, tobacco, fossil fuels, etc.). Those business models that don't comply with international agreements such as (i) the OECD Guidelines for Multinational Enterprises, or (ii) the United Nations Guiding Principles on Business and Human Rights will be also excluded from the investment universe of the Fund.

[3] Please, find further information on how Trilantic considers PAIs at the product and entity levels in the "Disclosure on Principal Adverse Impacts (PAIs)" section at the end of this document.

Additionally, an adequate performance against ESG indicators such as the reduction in GHG emissions, the use of renewable energies, the responsible consumption of water resources or the implementation of diversity and labour inclusion policies will be positively valued.

During the screening stage, the investment team will identify the key ESG risks, opportunities and adverse impacts of target investments considering the company's particular characteristics including scale, location, sector, sponsors, and supply chain. This will be normally done by compiling a checklist[4] to screen for relevant high-level ESG aspects, such as climate change, energy management or labour & working conditions, which after an extensive materiality assessment[5] have been identified as the key ESG fields from the standpoint of the main high-level risks, opportunities and impacts concerning the Fund. The team will assess compliance of the investee companies with relevant ESG criteria.

2.1.2. Due diligence

Trilantic will build upon the work done during the screening and categorisation phase to conduct a detailed company deep dive and obtain a full understanding of relevant ESG risks, opportunities, and adverse impacts. The company deep dive's approach will be tailored to the industry sector, geographical region, and business model of the target company. Key findings on sustainability considerations which have been identified during the investment's evaluation will aim to be discussed with the management of the target company.

During this phase, the investment team will also assess target companies' commitment, capacity, and track record in terms of ESG standards and expected performance. When material ESG issues are identified, they may be included in discussions with the Investment Advisory Board of the Fund.

In the Fund's view, sustainability risks, if they occur, may cause an actual or potential material negative impact on the value of the relevant investment and hence the Fund's portfolio. ESG risks identified during the due diligence and structuring processes must often be validated post-acquisition with full access to the company resources to prepare an action plan and where relevant, the development and potential mitigation of those risks. This will be done in the upcoming stages of the investment process: investment decision and ownership phase.

2.2. Investment decision

Relevant ESG considerations will be included in discussions with the investment committee. As part of the transaction documentation, the Fund will seek formal representations, warranties or commitments from the seller and/or the target company related to key ESG items.

2.3. Ownership phase

During the ownership phase, Trilantic will leverage engagement and monitoring practices to ensure that ESG risks and impacts are managed effectively and to capitalise on ESG opportunities that arise to the financial, operational, and reputational benefit of the company, the Fund and its investors:

- The investment team will engage in constructive dialogue with portfolio companies in line with Trilantic's engagement policy to help them drive timely implementation of the ESG considerations incorporated in the investment agreement and enhance ESG performance (e.g., promote ESG practices, determine long-term alignment of interests, properly assess the ESG strategy of the management team);
- The investment team will monitor portfolio companies on a regular basis to ensure that ESG factors are being managed as agreed at investment stage and that guidance provided during continuous

[4] Please, find the high-level screening checklist on Annex I.
[5] Please, find the materiality assessment methodology in Annex II.

engagement is being effectively implemented. The team will define specific or portfolio-wide indicators building upon the ones identified during the due diligence process and keep track of the performance of portfolio companies against them.

The investment team and the investee will design and define formal reporting channels for the recurrent communication between sides.

The Fund will use information collected during the monitoring of portfolio companies to input into its periodic fund level reporting to investors.

In order to ensure high quality governance, and in line with Trilantic ESG Policy, Trilantic will use a standard corporate governance framework at the time of acquisition. They will then work regularly with portfolio companies and encourage the management teams to identify material ESG issues to the relevant decision-makers and share across the portfolio best practices and experiences. The objective is to ensure relevant ESG developments are consistently on the portfolio company board's agenda and, when appropriate and reasonable, and always keeping in mind the best interest of investors, to support the portfolio companies' efforts to report externally and internally on their ESG approach and performance.

The following measures are currently in place at the Fund level to assess good governance practice of the portfolio companies of the Fund:

- Review compliance by the portfolio company with applicable local and national laws;
- Review/establish as appropriate anti-corruption practices, including extortion and bribery;
- Establish a proper decision-making board of directors that acts in the best interest of the company, including appointment of independent directors, as appropriate;
- Review/establish as appropriate the portfolio company's policy on disclosure and transparency with relevant stakeholders; and
- Ensure portfolio company's diligent and transparent cooperation with regulatory and supervisory authorities;
- Review the remuneration policy of the invested company; and
- Ensure compliance with tax obligations.

Disclosure on Principal Adverse Impacts (PAIs)

In relation to Article 7 of the SFDR, the Fund considers the main material or potentially material adverse impacts (PAIs) of the fund's investments on sustainability factors. These are identified during the Due Diligence phase and their evolution is continuously monitored during the ownership phase. Ultimately, this product will pursue a reduction of negative externalities caused by the investments. The due diligence process will adhere to responsible business conduct codes and internationally recognised standards for due diligence and reporting, such as the due diligence for responsible business conduct developed by the OECD and the PRI[6] and will be aligned with the Paris Agreement's main goal to make finance flow towards low-carbon technologies and ultimately pursue efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels.

The indicators used to measure the main adverse impacts will be in line with EU regulations, more specifically with the environmental (GHG emissions, water and waste management) and social (board gender diversity, gender pay gap, etc.) indicators included in the technical development standards of the SFDR (draft RTS SFDR). These indicators may be subject to customization based on the specific characteristics of each target and portfolio company and could be eventually updated in line with the evolving applicable EU legislation and the international best practices in this context.

Information on the PAIs on sustainability factors will be integrated into the periodic information that investors will receive and will be reported on them before June 30, 2023. In any case, the information on the main impacts on sustainability factors arising from portfolio companies will be made available in Trilantic's website.

Trilantic is committed to the continuous improvement of the PAIs integration at the product level in line with the evolving regulatory developments within the EU and internationally.

[6] OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct

Annex I: Screening checklist

Screening checklist I: High-level risks & opportunities

This table contains three types of criteria:

- *Thematic criteria to check whether a potential investment falls under any of the Fund's verticals.*
- *Exclusion criteria to exclude those investments that do not comply with a minimum set of good governance standards;*
- *E/S criteria to screen for relevant high-level risks and opportunities.*

The strict compliance of this checklist is at the discretion of the team[7].

Type	Topic	High-level indicators
Thematic	General	Check that the target company fall under at least one of the thematic sectors targeted for investment
Exclusion criteria	Illegal or controversial sector	Exclude companies that fall within any illegal or controversial sectors: weapons, tobacco, fossil fuels, etc.
Exclusion criteria	Governance	Alignment with: - The OECD Guidelines for Multinational Enterprises and - The UN Guiding Principles on Business and Human Rights
Environment	Climate Change	Carbon Footprint in metric tons of CO2 equivalent (scope 1, 2 and 3)
		Quantitative and qualitative targets set for GHG emission reductions Measures proposed and carried out to achieve the target reductions
Environment	Energy Management	Energy efficiency measures in different installations
		Consumption of renewable energies Percentage of total consumption it represents.
Social	Labour and working conditions	Promotion and compliance with International Labour Organization Conventions.
		Health & safety conditions at work.
		Measures to promote equal treatment & equal opportunities for women & men.

[7] Target companies won't need to be compliant with all these checklist's requirements (with the exemption of the exclusion ones) to be considered for investment.

Screening checklist II: Principal Adverse Impacts (PAIs) (in line with SFDR requirements)

Type	Topic	Indicators
Environment	**GHG**	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Total GHG emissions
		Carbon footprint
		GHG intensity investee companies
		Exposure to companies active in the fossil fuel sector
		Share of non-renewable energy consumption and production
		Energy consumption intensity per high impact climate sector
	Water	Emissions to water
	Waste	Hazardous waste and radioactive waste ratio
Investee companies / Social	**Social and employee matters**	Unadjusted gender pay gap
		Board gender diversity

Annex II: Materiality assessment methodology

A materiality assessment has been conducted to identify material high-level sustainability topics/indicators that the Fund needs to look at during the screening phase. This will enable early identification of key issues that may significantly affect the Fund's portfolio. Those high-level topics and indicators have been identified based on the following methodology:

1. Checked publicly available toolkits on sectorial ESG screening to find the most relevant sustainability topics for the Fund's target sectors:
    a. British International Investment ESG Toolkit
    b. MSCI Industry Materiality Map
    c. S&P Global Ratings ESG Materiality Maps
    d. SASB Materiality Finder
2. Identified material ESG topics applicable to the Fund's investment approach and pre-selected the most relevant ones in terms of material risks, opportunities and impacts for the Fund (Figure 2).

The main topics identified based on their level of relevance for the Fund are presented in the table below:

Materiality[8]	Topic	Description
3	Climate Change	Climate change is recognized as a global emergency as it has increasingly significant social and economic impacts, already undermining the competitive context within which all companies operate. This category focuses on the companies risks & opportunities arising from impacts & dependencies on climate change. It covers mitigation efforts to meet the Paris Agreement (e.g., carbon footprint measurement and emission reductions targets), plans and policies to adapt its business models and operations towards a sustainable economy, and other actions taken in this context.
3	Energy Management	The category addresses environmental issues associated with energy consumption. It addresses the company's management of energy in manufacturing and/or for provision of products and services derived from utility providers (grid energy) not owned or controlled by the company. More specifically, it includes management of energy efficiency and intensity, energy mix, as well as grid reliance.
3	Labour and working conditions	Labour & Working conditions has become one of the fundamental aspects for the good performance of the companies invested in this fund. Within this very relevant aspect, we have found three particularly substantial issues that need to be analysed from the triple perspective of risks, impacts and opportunities, without prejudice to others that could be considered. - Respect for international regulations and treaties (especially ILO and UN). - Good working conditions: equality, workers, salaries, training, etc. - Health and safety at work.
2	Water and Water waste Management	The consumption of water may generate pollution, deplete the world's natural stock of resources, and generate GHG-related emissions. Targeting greater efficiencies in the way water is used can reduce a company's overall contribution to climate change and increase the sustainability and longevity of core business operations. In this context, companies are evaluated on the water intensity of their operations, the water stress in their areas of operation and their efforts to manage water-related risks and opportunities.
2	Waste and Hazardous materials Management	The category addresses environmental issues associated with hazardous and non-hazardous waste generated by companies. It addresses a company's management of solid wastes in manufacturing, agriculture, and other industrial processes. It covers treatment, handling, storage, disposal, and regulatory compliance.

[8] Where 0 is non-relevant and 3 is very relevant

2	Ecological Impacts	The category addresses management of the company's impacts on ecosystems and biodiversity through activities including land use for exploration, natural resource extraction and cultivation, as well as project development, construction, and siting. Companies are evaluated on the potential impact of their operations on biodiversity in their areas of operation and their efforts to manage the environmental impact of their operations.
2	Air quality / Pollution	Economic activities can be the source of significant pollution to air adversely affecting the health of living beings and the resources which sustain life. Clean air is key to our health and our ecosystems. Air pollution describes the presence of toxic chemicals in the air, such as nitrogen dioxide or particulate matter, and leads to poor air quality.
2	Supply chain: subcontracting and suppliers	All companies have supply chains. However, some have more tiers and are more complex than others. When mapping supply chain risks, it will lead to check whether companies comply with environmental and social aspects that the company may consider relevant for its suppliers, such as working conditions, even eliminating some suppliers when the impacts are significant. There are usually voluntary sustainability standards and chain of custody assurance programs that provide greater assurance of the presence of good environmental and social practices in supply chains.
2	Impact on communities	Companies' operations often bring benefits to communities including employment, services and opportunities for economic development. However, they can also increase the potential for community exposure to risks and impacts from circumstances such as: water-borne, water-based, water-related and vector-borne diseases; alterations to local environment; reduced access or damage to resources on which, communities have previously relied; release of hazardous materials during operations; security risks (e.g., use of security personnel).