

# Sustainable Investing Policy

SUSI Partners Group

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# 1. Scope

This Sustainable Investing Policy (the “Policy”) applies to SUSI Partners AG, its subsidiaries, and affiliates (collectively, “SUSI Partners”) which manage collective investment schemes (each a “SUSI Fund” and together the “SUSI Funds”) and applies to all the investments included in the SUSI Funds. The Policy outlines SUSI Partners commitment to conduct business on behalf of the SUSI Funds in accordance with fundamental environmental, social and governance (ESG) considerations and is specific to the asset class we invest in. SUSI Partners sustainable investing approach comprises of adopting a sustainable investment lens and embedding ESG factors into SUSI Partners investment and asset management process to generate enhanced risk-adjusted returns.

# 2. Mission & Commitment

SUSI Partners was founded in 2009 with the mission to fight climate change by furthering the transition of the energy sector – a key driver of CO<sub>2</sub>e emissions<sup>1</sup> and, consequently, global warming. Our longstanding commitment to this cause is based on the firm understanding that limiting the rise in global temperature to a minimum requires a significant reduction in CO<sub>2</sub>e emissions towards net-zero over the next years.

Beyond our specific mission, we believe that embracing sustainable investing standards will drive value creation for our stakeholders – including our clients and their beneficiaries, our employees, shareholders, business partners and broader society – in the long term.

We recognise that sustainable investing is fundamental to our fiduciary duty to our clients and their beneficiaries. We understand the importance of sound stewardship in managing investors’ capital, and our sustainable investing approach ensures that our interests and values are closely aligned to those of our clients and shareholders – as well as the communities in which we operate.

Our firm-wide sustainability strategy guides the implementation of this commitment. Built around ESG-related topics that are most material to SUSI Partners and our stakeholders, it consolidates our existing efforts around sustainability practices and outlines the way forward.

Our sustainability strategy focusses on three pillars: performance, impact, and engagement.

## 2.1. Sustainability Outcomes and Tracking of CO<sub>2</sub>e Savings

Investments by SUSI Funds enable the deployment and operation of infrastructure that provides alternatives to conventional energy sources through clean energy generation, energy efficiency

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<sup>1</sup> The universal unit of measurement to indicate the global warming potential (GWP) of greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide. This is often expressed in the number of metric tons of CO<sub>2</sub>e, written as tCO<sub>2</sub>e. The purpose of this technical unit is to combine the emissions of multiple greenhouse gases, which have different potencies.

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enhancements and other forms of clean energy utilisation. These are the three pillars of a successful energy transition and achieving CO<sub>2</sub>e savings through each of our transactions is an integral part of our investment strategy.

We track the emissions avoided at asset and fund level and work together with a third party to quantify CO<sub>2</sub>e savings in accordance with the World Resources Institute's Greenhouse Gas (GHG) Protocol, as well as the recommendations by the Partnership for Carbon Accounting Financials (PCAF).

### 3. The Principles for Responsible Investment

As a signatory of the UN-supported Principles for Responsible Investment (PRI) SUSI Partners views ESG analysis as a fundamental part of investment risk management and potential value creation. Furthermore, SUSI Partners is committed to reporting on its managed investments and their sustainability performance. SUSI Partners is committed to the six UN PRI Principles:

We will incorporate ESG issues into investment analysis and decision-making processes.

We will be active owners and incorporate ESG issues into our ownership policies and practices.

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

We will promote acceptance and implementation of the Principles within the investment industry.

We will work together to enhance our effectiveness in implementing the Principles.

We will each report on our activities and progress towards implementing the Principles.

### 4. Sustainability Oversight

To ensure that sustainability principles are represented at executive management level, we have established a steering group, which includes our CEO as well as dedicated sustainability professionals with investment and consulting expertise. This group is leading our efforts to embrace the principles of sustainable investing, continually reviewing, and enhancing our frameworks and contributing to industry discourse and thought leadership on these matters.

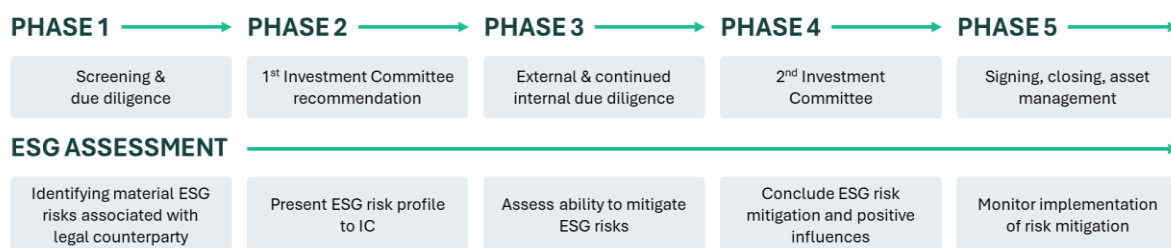
Executive Management, represented by the CEO in the steering group, is responsible for approving the sustainability strategy including plans, targets, and performance indicators and, together with the Board of Directors, sets the direction ahead.

## 5. Investment Activities Guided by Sustainability

We are convinced that the incorporation of sustainability principles into our investment activities will lead to a more balanced risk-return profile for our investors and a long-term path of growth.

We formally incorporate the PRI, SDGs and other ESG factors into investment screening and due diligence across all SUSI Funds. To this end, we have created a proprietary framework throughout all SUSI Funds to ensure a consistent and transparent approach to ESG due diligence. In most cases, due diligence is based on standardised questionnaires and assessments, which were developed by our dedicated ESG team in collaboration with investment teams and adopted by the respective SUSI Fund’s investment committee. The framework is designed to review a specific set of sustainable investing matters, assess potential risk factors, and provides transparency to clients.

Our investment process is designed to reject proposed investments if certain essential sustainability criteria are not met at the point of initial screening. We ensure that environmental and social impacts of investments are taken into account at every point in our process, due diligence to exit, and that ESG management is firmly embedded in our investment principles, strategy, policies and processes. During due diligence, we use our proprietary ESG tool to flag potential risks and opportunities which are subsequently discussed by our investment committees (IC). Identified risks must be mitigated adequately for the investment process to proceed. We therefore devise a comprehensive ESG risk mitigation plan with specific goals, the respective actions required, as well as suggestions for best practices. Post investment, the ESG and asset management teams are responsible for implementing the ESG plan. We use our governance rights to set tailored ESG goals for each portfolio company and monitor the effectiveness of the initiatives we put in place. We ensure good governance through clear structures and rules, aligned incentives, knowledge sharing and policy transfer.



### 5.1. Environmental

All our investments directly contribute towards climate change mitigation by bringing measurable greenhouse gas (“GHG”) emission reductions. We measure these potential avoided emissions (“PAE”) using a proprietary methodology developed in close collaboration with a specialist adviser. Those investment specific PAEs are aggregated on a portfolio level by fund and verified each year by an independent external party. While our clean energy infrastructure investments generally have relatively low GHG emission footprints and GHG intensities, they still generate emissions along their value chain,

predominantly during construction. We have therefore expanded the scope of our GHG methodologies and tools and are rolling them out across our portfolio companies.

We also consider potential negative impacts on biodiversity and natural ecosystems and aim to improve performance as an integral part of post-investment engagement.

## 5.2. Social

Infrastructure investments often require intensive construction and maintenance works which come with inherent physical safety risks. Worker safety is therefore a top priority for us, and we proactively engage with portfolio and partner companies to ensure the highest health, safety and wellbeing standards and policies are in place.

Other important social topics include the protection of human rights, the prevention of forced labour, and responsible procurement. Raising standards and increasing transparency across the supply chain is central to our ESG framework.

## 5.3. Governance

We believe that strong and transparent policies, processes, and governance are required to successfully manage ESG risks and opportunities. Good governance, both between us and our investments and at the level of each investment, allows us to engage on ESG topics in a structured and transparent manner. Governance performance is a key pillar of our ESG assessment, covering sustainability management (both policies and practices), whistleblowing systems, and operational readiness.

Selected ESG focus areas:



Environmental



Social



Governance

Avoided emissions (PAE)

Biodiversity & habitat

GHG emissions

Waste management

Health & safety

Responsible procurement

Human rights & labour conditions

Community engagement

Stakeholder management

Anti-bribery & corruption

Cybersecurity

Compliance with global guidelines

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## 6. Stewardship and Engagement

Sustainable investing is ever evolving and staying ahead of the curve requires continuous interaction with stakeholders. We systematically gather intelligence from our stakeholder, especially our clients, to make sure we can react effectively to market trends and regulatory developments. Based on these inputs, we then decide what topics require further attention and can address them through relevant communication channels.

SUSI Partners monitors material and relevant ESG risks and opportunities on an ongoing basis during ownership. Our dedicated asset management team is responsible for implementing monitoring strategies during the portfolio management period. Monitoring of sustainability-related topics is conducted through detailed and standardised reporting, site visits/inspections and regular meetings with stakeholders. We believe that active ownership by regular monitoring of sustainability matters can support sustainable outcomes and value creation.

We also collaborate closely with the management of our portfolio companies and investment partners and where needed, incorporate our ESG policies into their business practices. Our investment and asset management professionals are active members on the board of portfolio companies and ensure that our high sustainability standards are maintained.

We maintain close working relationships and wide-open channels of communication with the management and key personnel of our portfolio companies. By fusing our longstanding sector expertise with their intricate knowledge of the local specifics, we are able to identify and mitigate potential risks early, are in tune with the needs of local communities and ecosystems and can grasp opportunities to provide tangible benefits to a wider set of stakeholders.

## 7. Avoidance Criteria

We will never knowingly invest in businesses which:

- Violate human rights as defined by the Universal Declaration of Human Rights (UDHR) or are found to be in violation of the UN Global Compact (UNGC) principles or the OECD Guidelines for Multinational Enterprises;
- Exploit forced labour or child labour as defined by the International Labour Organisation (ILO);
- Manufacture or trade ammunition and/or controversial weapons, or are involved in any activities related to controversial weapons;
- Cultivate or produce tobacco;
- Manufacture, sell or distribute adult entertainment, pornography or sexually explicit content;
- Are involved in banned products and activities under global conventions;
- Moreover, by nature of our mission and our investment strategy, no SUSI Fund invests in coal-powered energy generation.

## 8. Reporting on Progress

SUSI Partners provides transparency to its stakeholders – client, employees, and shareholders – by reporting on the progress towards key sustainability metrics on a regular basis, e.g. through:

- Quarterly reports to clients
- Annual fund factsheets of CO<sub>2</sub>e savings
- Annual sustainability report to stakeholders
- Annual UN PRI reporting

## 9. Contact & Version

Marco van Daele (CEO)

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