



ISQ Responsible Investing Policy

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1. Introduction

This Responsible Investing Policy (this “Policy”) summarizes I Squared Capital Advisors (US) LLC (“I Squared Capital”, “ISQ” or the “Firm”)’s current approach to sustainability, underpinned by incorporating ESG considerations into I Squared Capital’s operations and investment management activities across various investment strategies.

2. Background

I Squared Capital believes that sound environmental, social, and governance practices are inextricably linked to developing resilient investments and assets that generate long-term value for our investors. In our view, this is especially evident as the global drive for food, water, and energy security accelerates demand for resources, and adds pressure on governments and individuals to find more resilient solutions while embracing fair labor standards. Since its founding, I Squared Capital has maintained a code of responsible investing underpinned by an ESG approach focused on value creation and material risk mitigation.

We are a signatory of the Principles of Responsible Investment (PRI) which underscores our commitment to responsible investment. In addition to the PRI, our approach to sustainability with respect to ISQ Funds and with respect to its investments at the time of this Policy considers certain sustainability frameworks and standards, principles of international conventions, and guidelines that our investors are focused on, including but not limited to: UN Global Compact Principles, the International Labour Organization Conventions (“ILO”), UN Guiding Principles on Business and Human Rights, and Sustainability Accounting Standards Board (“SASB”) and the Task Force on Climate-related Financial Disclosures (“TCFD”), both of which are now managed by the International Sustainability Standards Board (“ISSB”).

We seek to consider material¹ ESG factors as part of the investment analysis and to adapt appropriate governance procedures to manage and monitor ESG risk and opportunities throughout the ownership period. This approach allows us to remain pragmatic and helps keep our ESG approach aligned with what we believe matters the most to our portfolio companies’ business and stakeholders. To assess the materiality of an ESG issue, we consider the various risks that it could reasonably pose to a company’s business as well as the value creation opportunities it might offer, always subject to our fiduciary obligations under the Investment Advisers Act of 1940.

¹ In this policy, “material” ESG factors are defined as factors that we determine have—or may reasonably have—a material impact on an investment’s continued financial and operational performance. Further, we are not using the terms “material” or “materiality” as they are used under the securities or other laws of the U.S. or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. Materiality, for the purposes of this document should not, therefore, be read as equating to any use of the word in other I Squared Capital reporting or filings.

3. Scope and application

This Policy applies to the management company I Squared Capital Advisors (US) LLC, and to its relevant portfolio investments across all I Squared Capital funds² and their respective investment strategies consistent with our fiduciary obligations to our investors. ISQ's influence and control of companies in which we invest varies significantly across and within certain asset classes. To this end, this Policy articulates the approaches that ISQ believes are broadly relevant for each asset class. Where ISQ maintains control of a company, it seeks to work with the company to appropriately implement the requirements of this Policy, subject to feasibility, the relevant fund strategy, and our fiduciary duties. In cases where ISQ determines it has limited ability to conduct diligence or to influence and control the integration of ESG considerations in an investment, ISQ will, in its discretion, incorporate applicable elements of this Policy as ISQ considers appropriate. Examples of such cases include where ISQ is a lender with limited indicia of influence or control, is a minority shareholder, has limited governance rights, or where other circumstances affect ISQ's ability to assess, set, or monitor ESG-related metrics. Certain strategies may have additional ESG processes, guidelines, or requirements not contained within this Policy.

ISQ invests across infrastructure subsectors and strategies generally focusing on energy (which includes energy transition), utilities, transport, digital infrastructure, environmental infrastructure, and social infrastructure. Moreover, ISQ invests in standing (or operational) assets, construction projects, and startup platforms as well as infrastructure equity including infrastructure technology opportunities and infrastructure credit opportunities.

4. Guiding Principles

Consistent with and subject to ISQ's fiduciary duties and other applicable legal, contractual and other requirements, the following guiding principles form the basis of our ESG approach across our firm operations and investments:

Environment:

- Strive to minimize and mitigate the environmental impact of operations (including on biodiversity)
- Recognize and actively consider potential climate change risks and opportunities
- Strive to continually improve efficient use of natural resources

Social:

- Strive to ensure the well-being and safety of employees
- Cultivate a positive work environment that values human rights, diversity and inclusion
- Operate with leading health and safety practices

² "ISQ Funds" means any funds managed or operated by an entity within I Squared Capital's control.

- Be good corporate citizens by striving to integrate consideration of the interests, safety, and well-being of the surrounding communities

Governance:

- Uphold strong governance practices
- Operate to high ethical standards throughout business activities
- Maintain strong stakeholder relationships through transparency and active engagement

5. Investment Process

We seek to consider material ESG factors for investments throughout the investment process, subject to the scope and limitations of this Policy, to the extent reasonably practicable and where ESG data is readily available. It is expected when more ESG data can be obtained over time this will strengthen the ability to assess ESG factors over the lifecycle. Our investment processes generally align with the PRI's six principles.

Pre-investment

The investment team carries out an ESG analysis as deemed material considering the fund's (or mandate's) strategy as well as the specific details of the opportunity with the support of the ESG team and consultants when appropriate. The ESG due diligence assessments will seek to assess and monitor different ESG risk and opportunity indicators deemed material to the deal.

- **Where ISQ is a majority shareholder or significant majority in infrastructure:** due diligence is customarily based on a review of the transaction which generally includes dialogue with the management team and onsite visits to the company to identify and assess key issues and understand how they are considered by the management team. Depending on the sector and initial findings the investment team may decide to hire external consultants.
- **Where ISQ is a minority shareholder or for direct investments in private credit:** investment analysis will include consideration of ESG issues deemed material based on consideration of the sponsor as well as buyer and vendor due diligence packages, dialogue with management and or lead sponsor, depending on the configuration of the transaction and ability to do pre-transaction due diligence. Depending on the sector and initial findings the investment team may decide to hire external consultants.

Investment decision: All investments must be approved by the applicable Investment Committee. To facilitate this, investment teams outline for the Investment Committee alongside the financial merits of the transaction what they deem to be material risks, mitigants, and significant opportunities for improvement, including, where applicable, those related to ESG factors.. Depending on whether material ESG risks are identified in the due diligence phase and the type of investment, a corrective plan may be included in the post-acquisition engagement with the investee company.

Ongoing management: Where deemed appropriate, I Squared Capital will continue supporting our portfolio companies and apply our ESG approach in a manner consistent with our fiduciary duties, which requires us to seek attractive risk-adjusted returns anchored in our respective fund strategies, and with applicable legal, contractual, and other requirements.

- **For direct investments in infrastructure (majority shareholder or significant majority):** I Squared Capital is customarily an active investment manager, focused on strong alignment, stewardship, and implementation of ISQ's investment management approach including ESG factors. This is customarily guided by ISQ's representation on the investee company's board. Post-closing, ISQ customarily engages with a portfolio company's leadership on management of the ESG topics as deemed appropriate. **Where ISQ is a minority shareholder, or for direct investments in private credit:** ESG monitoring customarily takes place via supervisory boards, when ISQ has a seat, or via interactions with the lead sponsor and / or portfolio companies, when possible.

Exit phase (applicable for direct investments): Material ESG aspects form part of the relevant divestment process documentation where relevant.

European Union Sustainable Finance Disclosure Regulation (SFDR)

For all funds deemed in scope of SFDR by ISQ, the way sustainability risks are integrated into investment decisions and the results of the assessment of the likely impacts of sustainability risks on the returns of the fund are considered in accordance with Article 6 of SFDR. In addition, some funds may have certain specific ESG commitments, processes, guidelines, or requirements depending on their classification under SFDR.

6. Roles & Responsibilities

Oversight of and accountability for adherence to ISQ's ESG approach and its ongoing commitment to responsible investing is the responsibility of each member of the Executive Committee of the Firm, the highest decision body, and of each member of the respective funds' Investment Committees. The Firm has an Operating Committee with an ESG-subcommittee that also makes recommendations to the Executive Committee. The investment teams of the relevant funds are responsible for the day-to-day ESG integration during the investment process, where appropriate and feasible. Adjusted to the specific fund strategy, the asset management teams have day-to-day responsibility of ESG matters during the ownership phase.

An ESG team is responsible for the day-to-day development and execution of the sustainability strategy across the firm and funds. The team supports the investment team members during the due diligence and the asset management teams and portfolio companies as relevant to advance ESG programs during the ownership period.

Adherence to this Policy is the responsibility of every member of the investment team and every other individual within the Firm. Each portfolio company's CEO and management team are responsible for executing the strategy and running the daily operations of the company according to policies established by respective board of directors.

7. Reporting

ISQ's commitment to being a responsible investor that integrates, as appropriate, ESG considerations to mitigate risk and create value is an ongoing process through which it seeks to improve and refine its procedures and reporting. ISQ engages with its stakeholders on the enhancement of this Policy and related initiatives, and from time to time seeks their feedback on ESG issues relevant to ISQ and the investment mandates it holds. ISQ generally discloses its ESG performance and progress, and its success or otherwise in the management of material risks and opportunities at least annually to its investors. In addition, ISQ's policy is to comply with its reporting obligations under relevant and applicable laws and regulations.

8. Frameworks, Memberships and Commitments

We continue to seek to align our business practices with leading frameworks for responsible investing and seek to participate on a case-by-case basis in industry forums and other organizations, whilst complying with the letter and spirit of all applicable laws including antitrust and competition laws. We are committed to ongoing engagement and stewardship and the promotion of market led ESG practices that are designed to enhance the value of our assets and businesses, consistent with our fiduciary obligations. Below are some of the organizations with which we are affiliated:

We are a signatory to the PRI which demonstrates our commitment to responsible investment. We are a formal supporter of the TCFD and continue to evolve our reporting considering TCFD's Recommendations. Further, we are a member of the Initiative Climate International (Ici).

From time to time, ISQ may also engage with government, regulators or policymakers through industry discussions, submissions, or policy discussions on environmental, social, climate, governance, or other issues directly or through industry representatives. Teams undergo training so that any engagement is aligned with ISQ's regulatory and other obligations, including the disclosure and pre-approval of any financial incentives, or political engagements or contributions. Engagement with policymakers and political groups must align with ISQ's overall governance and compliance policies and applicable laws.

9. Policy Review and Revision

The subjects dealt with in this Policy are a subject of ongoing discussion, both within I Squared Capital and outside and the relevant legislation and associated rules and guidance continue to evolve. We intend that this Policy will be reviewed and amended as appropriate from time to time.

Last updated: January 26, 2024.