enfinity | net zero fund

Responsible Investment Policy

February 2022

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1. Introduction

Enfinity Net Zero Fund is an investment fund created by Enfinity Global to drive investments in projects and solutions to support the transition to a sustainable economic model through Renewable Energy, Circular Economy, Electric Mobility, Water Treatment or Artificial Intelligence.

The fund is managed by an investment team with a track record of over 27bn investment managed and more than 200 years of aggregate experience. The Fund will also benefit from the broader Enfinity Global team for various functions, including O&M, asset management and ancillary services.

Enfinity Net Zero Fund is based in Luxemburg.

With the adoption of this responsible investment policy (“Investment Policy” or “Policy”) and through the integration of Environmental, Social and Governance (“ESG”) criteria in the investment process, Enfinity Net Zero Fund aims at promoting ESG practices and enhancing disclosures of the portfolio companies to improve transparency towards investors.

This Policy aims at integrating Enfinity Net Zero Fund’s investment process with the principles and actions of responsible investments.

1.1. Reference Values

Enfinity Net Zero Fund believes that through the integration of ESG criteria in its investment process, it will promote sustainable economic and social development and, in addition, positively contribute to the financial results of each portfolio of projects, reducing its risks and creating value for the investors of the funds.

Enfinity Net Zero Fund believes that investment funds committed to integrating ESG criteria and promoting active ownership into their investment processes may generate sustainable profits over time and consequently create value for all stakeholders.

Enfinity Net Zero Fund is adhering to the Principles for Responsible Investment (“PRI” or “Principles”), a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into the investment process.

The six Principles for Responsible Investment launched in April 2006 at the New York Stock Exchange are listed hereafter:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Enfinity Net Zero Fund's commitment to the integration of ESG criteria within the investment process and the promotion of sustainability within the portfolio of projects is also reflected at the asset management level, through the promotion of a responsible approach to business.

Enfinity Net Zero Fund is committed to:

- Reducing its offices' environmental impact through digitalization, paperless and reduction of single use plastic;
- Promoting social development in relation to fair and equal employee management, the creation of an inclusive and safe working environment and good suppliers' relationship;
- Enhancing good governance practices, ensure continuous transparency and compliance to laws and regulations.

1.2. Scope

The Policy outlines Enfinity Net Zero Fund's investment approach throughout the investment lifecycle, from the pre-investment phase to the exit phase.

The Policy will be applied by Enfinity Net Zero Fund to all investments, through the monitoring of ESG progress within the portfolio and the engagement with the companies' management, in support of ESG initiatives and active management of ESG issues.

Enfinity Net Zero Fund is committed to disclose this Investment Policy to raise awareness and positively influence the company's management towards an improved sustainability performance, also in case of investments where the Funds hold a minority stake.

2. Enfinity Net Zero Fund investment approach

Set forth below is the representation of Enfinity Net Zero Fund's investment process:

Pre- investment *Target investments analysis*	**Ownership** *Portfolio investments*	**Exit** *Portfolio investments achievements*
Negative Screening *Responsible: investment team* • Identification and exclusion of activities and sectors deemed controversial • Verification of non-compliance with law and regulations **ESG Due Diligence** *Responsible: investment team and external investment advisor* • Investigation of material ESG issue related risks and opportunities for the target investment. • Inclusion of the results of the ESG due diligence within the Preliminary Investment Memorandum and the Final Investment Memorandum.	**Onboarding** *Responsible: investment team and portfolio investments management* • Dialogue with portfolio investments managers about ESG issue priorization **Engagement** *Responsible: portfolio investments management* • Identification of roles and responsibilities relating to ESG matters. • Definition of a Sustainability Policy. • Implementation of policies and procedures aligned with the international and national standards of anticorruption and anti-bribery. • Definition of an ESG Action Plan **Monitoring** *Responsible: portfolio investment management* • Implementation of the ESG Action Plan. • Monitoring of the ESG Action Plan through the use of "core" and "tailored" KPIs.	**Enhancement of sustainability outcomes** *Responsible: investment team* • Sharing of the ESG outcomes and performances with potential investors.

2.1. Pre-investment

The commitment to integrate ESG factors starts at the pre-investment phase: Enfinity Net Zero Fund takes into consideration the sector (negative screening approach) and major risks and opportunities (due diligence approach) of the target company.

<u>Negative screening</u>

ESG issues are incorporated in Enfinity Net Zero Fund investment selection through the adoption of negative screening criteria.

Enfinity Net Zero Fund will exclude investments in companies that engage in activities or sectors that are deemed controversial by its management. Current excluded sectors and activities are as follows:

Sectors/activities	Description
Tobacco	Production, sale and distribution of products, which contains tobacco (cigarettes, cigars or pipe tobacco). The sector includes companies whose primary activity is the trading of tobacco and/or the distribution of the unprocessed product to manufacturers. Excluded are cases where tobacco is an incidental part of the operation (e.g., leisure or hospitality business).
Pornography and prostitution services	Solicitation, advertising and sale of any kind of sexual services as well as the production of sexual representations, which could affront to human dignity. Particular attention is paid to the pornography industry, by excluding any company, which involve this activity.
Gambling	Managing and/or operating non-regulated games of chance awarding prizes representing a sum of money, including lotteries, betting, etc.
Firearms, handguns and assault weapons	Excludes any product or component for the primary purpose of use in the manufacture of firearms, handguns and assault weapons.
Illegal drugs	Companies involved in the value chain of illegal drug market; drugs considered “illegal” as for the jurisdiction in which the drug is produced or sold.

Other sectors considered by management to be sensitive will be further screened during the decision-making process.

Enfinity Net Zero Fund shall use its best efforts to avoid investments in companies that record non compliances in respect to:

- Human rights.
- Current and applicable international standards on labor practices through the supply chain.
- Current and applicable anti-corruption standards.
- Current and applicable environmental, health and safety legislation.

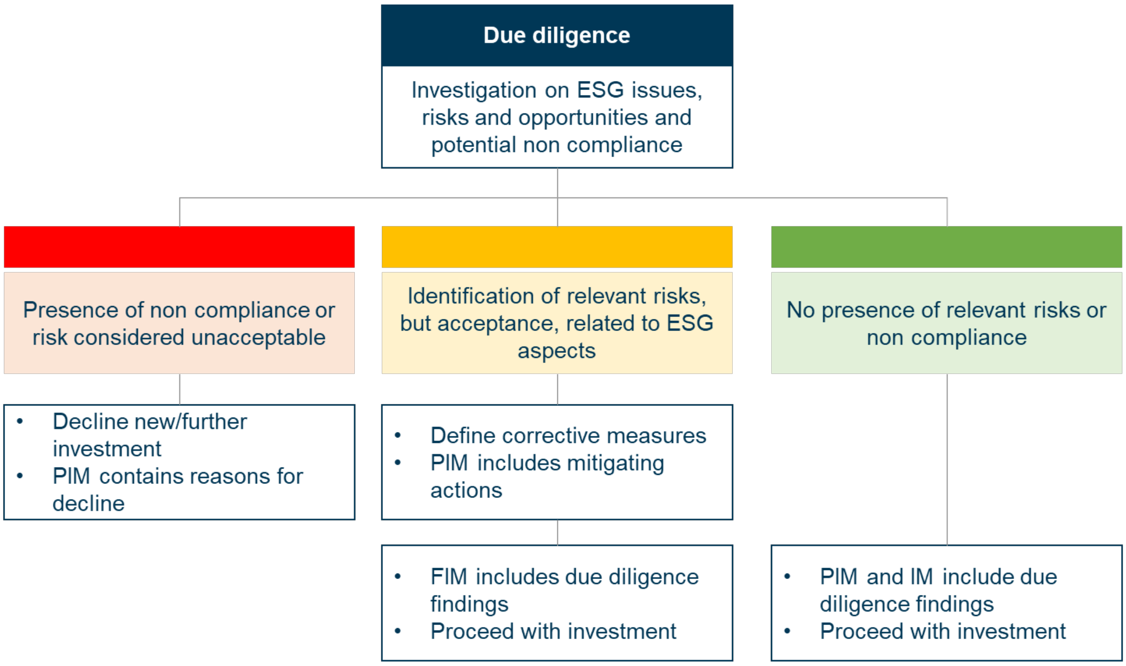
<u>ESG due diligence</u>

After the negative screening phase, Enfinity Net Zero Fund will carry out a due diligence process in order to investigate any material ESG issue, related risks and opportunities, considering also current and future sustainability trends, impacts and regulations.

The analysis will be carried out through interviews with the management of the target company in order to identify any policies or procedures adopted by the target company related to ESG issues and the observance of internationally recognized standards or best practices on social and environmental issues (ONU, OCSE, UE). This analysis will also take into account the main characteristics of the target company (e.g., size, industry, countries in which the target company operates).

This process aims at identifying any issue related to ESG matters within the target companies and, when deemed necessary, to mitigate any potential negative effects by planning adequate and corrective measures.

The results of the ESG due diligence are included within the preliminary investment memorandum ("Preliminary Investment Memorandum" or "PIM") and the Final Investment Memorandum ("Final Investment Memorandum" or "FIM") which highlight the risks and mitigation measures as well as potential opportunities for remedying any non-compliance.



For more information, please refer to Annex 1.

2.2. Ownership

<u>Onboarding</u>

After the investment, Enfinity Net Zero Fund will engage with the portfolio investments to prioritize ESG issues arising from the ESG due diligence process and plan how to manage them. The major issues identified will lead the discussion on the overall portfolio investment's sustainability strategy and goals.

<u>Engagement</u>

At the engagement stage, Enfinity Net Zero Fund requires the portfolio partners to:

- Identify roles and responsibilities relating to ESG matters within the portfolio company, with the aim to create commitment and engagement.
- Implement a sustainability policy aimed at defining the main company principles and commitments towards sustainability.
- Implement policies and procedures in compliance with the international and national standards of anticorruption and anti-bribery (e.g., the Italian Law 231 model for Italian companies), if not already in place.

In order to improve the companies' impact with respect to ESG matters, Enfinity Net Zero Fund's investment managers will support the portfolio investments to implement a continuously evolving action plan and to promote always a best-in-class approach. This may involve defining improvement objectives to be achieved and a related reasonable timeframe in which they should be reached ("ESG Action Plan").

In investments where the Fund holds a debt investment or other non-controlling stake, Enfinity Net Zero Fund commits to support the company's management team towards an improvement of their sustainability objectives.

2.3. Monitoring

The ESG Action Plan will generally consist in the deployment of objectives and targets to be monitored through the use of "core" key performance indicators ("KPIs") - applicable to all portfolio investments and related to ESG topics such as governance, energy and emissions, diversity and inclusion, health and safety - and "tailored" KPIs - based on the sector and on the material topics identified during the ESG due diligence phase. Management will define KPIs based on international recognized framework for non-financial reporting, which may include the GRI Standards.[1]

The ESG Action Plan, inspired, among the others, on the UN's Sustainable Development Goals,[2] may allow the company to work towards global goals such as economic growth, job creation, industry innovation, reduction of greenhouse emissions, good health and wellbeing and gender equality.

Enfinity Net Zero Fund will support the implementation and the adoption of the ESG Action Plan actively engaging with the portfolio investments' management. As part of this process, Enfinity Net Zero Fund will promote and encourage initiatives on ESG topics.

Portfolio investments will report periodically their performance on "core" and "tailored" KPIs to Enfinity Net Zero Fund's investment managers.

Enfinity Net Zero Fund will be committed to monitor results on the status and progress of the KPIs and the ESG Action Plan from portfolio investments and will present them to Enfinity Net Zero Fund's directors at least once per year.

The resulting ESG information will be annually presented in a fund report that will be made available to investors and stakeholders. That fund report will take into consideration current international and national regulation frameworks, including Regulations (EU) 2019/2088 and 2020/852, on sustainability-related disclosures in the financial services sector.

Enfinity Net Zero Fund will also comply with PRI's reporting commitments.

2.4. Exit

Enfinity Net Zero Fund intends to carry out a gap analysis by comparing the ESG situation of the portfolio investments before and after the investment period to demonstrate that key ESG and sustainability milestones have been met or are near completion. The outcomes will be

[1] Global Reporting Initiative Sustainability Reporting Standards defined by the Global Reporting Initiative (GRI).

[2] The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.

also shared with management of the portfolio company in order to stimulate a continuous path toward sustainability, also after the fund's exit.

3. Roles and responsibilities

Enfinity Net Zero Fund's investment team is primarily responsible for ensuring that ESG matters are integrated into the investment process as described in this Policy.

4. Administration and Implementations

This Policy is an internal document of Enfinity Net Zero Fund. It has been adopted on behalf of Enfinity Net Zero Fund for its sole use and benefit. This Policy shall be administered on behalf of Enfinity Net Zero Fund by the general partner of the Enfinity Net Zero Fund (the "General Partner"). The General Partner shall have the sole and exclusive right and duty to construe and interpret the terms of this Policy, and all such constructions, interpretations and decisions by the General Partner shall be final and binding on all persons and entities whatsoever. The General Partner shall have the sole and exclusive right to amend, waive, terminate, or otherwise modify the terms of this Policy, whether directly or indirectly, and in any specific case or generally. There are no third parties who have any right to rely on the terms of this Policy, nor do any third parties have the right to enforce the terms of this Policy. Neither the General Partner, Enfinity Net Zero Fund, Enfinity Global, nor any officer, director, employee, agent, or affiliate of any of the foregoing, shall be required to account to, or otherwise inform or notify, any third parties with respect to the matters described in this Policy.

ANNEX 1

Below is a breakdown of the pre-investment framework:

Activity	Responsibilities	Description
Negative screening	Investment team	Evaluate the target company sector and activities excluding the ones deemed controversial.
Verification of non-compliances	Investment team	Screen of possible non-compliances to laws and regulations in relation to human rights, labor practices through the supply chain, anti-corruption standards, environment and health and safety.
Identification of relevant ESG issues	Investment team External investment advisor	Define major ESG issues through context analysis (e.g., mega trends and global risks in relation to ESG matters and major risks and trends within the target company sector) and main characteristics of the target company (e.g., size, industry and countries in which the target company operates).
Map of as-is situation	Investment team External investment advisor	Identification of mitigating factors adopted by the target company related to the main ESG issues identified. The analysis is carried out through documentation analysis and interviews with target management.
Identification of major risk and opportunities	Investment team External investment advisor	Evaluation of the areas that can lead to a risk or to an opportunity based on the as-is situation.
Scoring definition	Investment team	Definition of a scoring associated to the major risk and opportunities identified.