



Foresight

FOR A SMARTER FUTURE

**Foresight Energy
Infrastructure Partners
SFDR Product
Disclosure**

March 2021

SUMMARY

Foresight Energy Infrastructure Partners (“FEIP” or “the Fund”) invests in all aspects of energy infrastructure required to facilitate the transition to low-carbon power grids. This includes: (i) a diverse range of renewable energy generation technologies, in particular wind, solar and hydropower; (ii) flexible renewable-enabling infrastructure, such as batteries and other forms of energy storage; and (iii) transmission and distribution assets. All investments are intended to be classed as environmentally sustainable under the EU Taxonomy Regulation. An independent validation of taxonomy compliance will be secured for all investments.

The Fund is considered to be an Article 9 product for the purposes of the Sustainable Finance Disclosure Regulation.

DO NO SIGNIFICANT HARM TO THE SUSTAINABLE INVESTMENT OBJECTIVE

In assessing whether the sustainable investments of the Fund comply with the ‘do no significant harm’ principle, we have given regard to the principal adverse impact indicators set out in the regulatory technical standards accompanying the Sustainable Finance Disclosure Regulation.

We also consider the draft technical screening criteria published by the European Commission under the Taxonomy Regulation, with the assistance of third party advisors, who assess each asset’s ability to meet one of the Taxonomy’s six environmental objectives and ensure it causes, “no significant harm in respect of the remaining five objectives”.

The sustainable investments in the Fund comply 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.

SUSTAINABLE INVESTMENT OBJECTIVE

The Fund has an objective to mobilise capital into sustainable investments that capitalise on the opportunities arising from the energy transition as increasing numbers of renewable generation sources start to replace more conventional fossil fuel sources of generation. All investments the Fund will make are intended to be classed as environmentally sustainable under the EU Taxonomy Regulation. An independent third-party validation of assets’ compliance with the sector-specific thresholds specified under the Taxonomy will be secured for all investments.

INVESTMENT STRATEGY

The Fund will focus on three key Energy Infrastructure sub-sectors:

- Renewable Energy Generation;
- Renewable Enabling Infrastructure (primarily Flexible Generation and Energy Storage); and
- Transmission and Distribution.

The Fund prioritises investment into assets which offer predictable cash flows that may be inflation-linked and contracted for long periods of time. The Fund seeks to consciously construct a portfolio with an attractive and complementary risk profile

derived from negative correlations between its sub-components and which is expected to deliver enhanced risk-adjusted returns in the long-term.

The Fund invests in high quality assets in regions that have well-developed and stable regulatory frameworks and where Foresight has local teams, extensive networks and a track record of investment, namely the UK, continental Europe, North America¹ and Australia. The majority of investments are to be made in greenfield construction-stage projects. The balance of the Fund will be allocated to carefully selected operational brownfield projects.

Foresight believes that the integration of Sustainability and Environmental, Social and Governance (“ESG”) considerations into its investment, asset management and reporting procedures is critical to delivering sustainable growth, investor returns and long-term success in asset management. Through the integrated application of the Sustainability Evaluation Criteria across the investment lifecycle, Foresight seeks to identify and effectively manage the sustainability-focused opportunities and environmental, social and corporate governance risks facing each of its investments. The Manager’s Sustainable Investing in Infrastructure paper sets out the Firm’s approach to Sustainability and ESG at all stages of an investment, particularly with regards to pre-investment due diligence, post-investment monitoring and investor reporting to ensure that a consistent methodology is adopted and implemented across all of the Manager’s investment activities.

PROPORTION OF INVESTMENTS

We expect all of the investments in the fund to be environmentally sustainable investments in accordance with the Taxonomy Regulation.

MONITORING OF SUSTAINABLE INVESTMENT OBJECTIVES

To ensure investments meet our values and are consistent with our approach to sustainable investing, assets are continually evaluated against five key criteria:

- Sustainable Development Contribution: contribution towards global sustainability priorities such as decarbonisation
- Environmental Footprint: localised environmental impacts
- Social Engagement: role in the local communities
- Governance: compliance with laws and regulations
- Third Party Interactions: supply chain sustainability

Metrics used to assess, measure and monitor the environmental characteristics of investments include:

Indicator	Metric
Employment during construction - temporary jobs	Person years
Employment during operation - permanent jobs	Full-time equivalents
Baseline GHG emissions (e.g. reference scenario without investment implementation)	kt CO ₂ e/a
Absolute GHG emissions (e.g. after investment implementation)	kt CO ₂ e/a

¹ Foresight does not currently have an office in North America and deals will be led from the London office.

GHG emissions saved or avoided	kt CO ₂ e/a
Electricity generation capacity from renewable energy sources	MW
Electricity generation capacity from conventional energy sources	MW
Electricity produced from renewable energy sources	GWh/yr
Electricity produced from conventional energy sources	GWh/yr
Households which could be supplied with the energy generated by the project	No. of households
Tonnes of Oil Equivalent (TOE) / Tonnes of Coal Equivalent (TCE) avoided	TOE / TCE

DATA SOURCES AND PROCESSING

Foresight has robust processes in place to capture data and report on environmental and social characteristics. Additionally, Foresight has a long history of adapting its data collection processes to specific reporting requirements of a wide range of sustainability-focused investors. To ensure environmental and social performance measures are accurate and reliable, where appropriate, Foresight may commission assessments by third party providers. This enables us to provide information that is as accurate and scientific as possible. To maintain a level of transparency and professionalism, this information is distributed to all investors, whether or not they have formal frameworks in place. The data collected during third party audits may also provide results concerning health and safety performance as well as adherence to other ESG-related regulations.

Team members will gather information to complete the SEC scoring for particular assets from a variety of sustainability due diligence tools. A common example is a due diligence questionnaire which is given to key project counterparties to complete in order to gather critical information, such as their approach to governance. We will also request access to policies that cover topics such as modern slavery, diversity promotion, employee growth and corporate social responsibility (“CSR”). Other examples include expanding our adviser engagements to report in greater detail on community engagement during planning or the impact of projects on local communities and their environment. It is also worth noting that certain data is collected for aggregation purposes so as to be able to assess the portfolio’s overall sustainability performance and enable concise reporting of this information to investors and regulators.

To develop Sustainability and ESG performance targets, collected datapoints are compared against industry standards. While Foresight’s assets generally outperform the industry standard, areas in which they do not are immediately focused on for improvement. Targets are set in order to ensure these improvements are made and designated individuals will be accountable for their delivery. This target-setting process may also in turn impact the Minimum Thresholds that have been set for relevant assessment parameters within the SEC framework. An asset’s SEC score is re-evaluated on an annual basis as a means of monitoring the sustainability credentials and performance of that asset. Any decline in scores is to be reviewed and reconciliatory measures implemented in order to bring the asset’s overall performance above the Minimum Threshold and, at the very least, in line with the pre-investment scoring.

LIMITATIONS TO METHODOLOGIES AND DATA

Limitations in the above methodologies and data collection processes revolve mainly around the differences that exist at the project level. It is not always possible to capture like-for-like data on each project, making direct comparisons of an investment’s sustainability characteristics difficult. However, the Sustainability Evaluation Criteria is flexible enough to be used with all assets, despite differences in data availability. Meanwhile, the Fund’s strategy and choice of assets being invested in ensure the environmental and social characteristics promoted by the Fund remain unaffected. The Sustainability Evaluation

Criteria is a constantly evolving tool that is updated as and when required, with the eventual aim of making the evaluation of an asset's sustainability performance as uniform as possible.

Of the sustainability metrics listed above, the calculations for GHG emissions avoided and homes powered are based off IPCC data tables and national energy use statistics respectively. It is worth noting that there are numerous different data points and sources that could be used in the calculation of these statistics that may result in slightly varied results, none of which would jeopardise the environmental or social characteristics promoted by the fund. Foresight seeks to use only the most reliable and robust data available in these calculations to ensure they stand up to scrutiny and updates the calculation methodologies as regularly as is required to ensure the data stays current.

DUE DILIGENCE

Third party advisors are appointed to undertake legal, technical, market, tax, model audit and insurance due diligence on the project. The technical due diligence will include a review of the proposed technology and its application to a specific site in conjunction with an analysis of key factors including project contracts, planning permissions, the environmental permits, production yield (e.g. wind speed or irradiance), feedstock and key contractor experience.

The legal advisor undertakes full legal due diligence to review and advise on the negotiation of contracts including investment documentation and any other matters such as property due diligence and reporting on land titles. The market advisor(s) will advise on the market for input and offtake including, for example, power price forecasts, tradeable certificates pricing (e.g. Renewable Energy Certificates and Renewables Obligation Certificates), feedstock materials and any other resource limitations.

ENGAGEMENT POLICIES

Following the successful completion of an investment, Foresight adopts an active and hands-on approach to the asset management of all projects in order to maximise long-term value creation. This includes oversight of construction progress; detailed portfolio monitoring to ensure any operational issues are highlighted and addressed expediently; oversight of continual preventative maintenance; and identification of opportunities to enhance performance or upgrade assets from a financial and sustainability point of view.

ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE

The Fund does not use an EU Climate Transition or Paris-aligned benchmark as a reference. Nonetheless, it is intended that the Fund's activities will contribute materially towards the emissions reduction objectives set out under the Paris Climate

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Foresight Group Luxembourg S.A.

19-21 Route d'Arlon
Serenity Building Bloc C
L-8009 Strassen
Luxembourg

www.foresightgroup.eu