

# FORESIGHT ENERGY INFRASTRUCTURE PARTNERS S.C.SP

SUSTAINABILITY-RELATED DISCLOSURES

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Foresight

# 1 SUMMARY

Foresight Energy Infrastructure Partners S.C.Sp's ("FEIP" or "the fund") investment strategy is designed to capitalise on the extensive investment opportunities created by the fundamental transition underway in global energy markets. In line with this, FEIP invests across the spectrum of clean energy infrastructure. This includes, and predominantly focuses on, the following three core infrastructure sectors:

- A diverse range of renewable energy generation technologies;
- Flexible renewable enabling infrastructures, such as batteries and other forms of energy storage; and
- Transmission and distribution assets.

FEIP has a sustainable investment objective to mobilise capital into investments that contribute meaningfully to global decarbonisation and the energy transition as renewable generation sources displace conventional fossil fuel sources.

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.

Investments made by the fund will be into both operational assets and assets at development and construction phase. Therefore, the fund's activities will contribute materially towards the emissions reduction objectives set out under the Paris Climate Agreement. These make a contribution to the following climate change mitigation objectives set out in Article 10 of Regulation (EU) 2020/852:

- Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid;
- Establishing energy infrastructure required for enabling the decarbonisation of energy systems; and
- Producing clean and efficient fuels from renewable or carbon-neutral sources.

FEIP does not use an EU Climate Transition or Paris-aligned benchmark as a reference. This is because there is no relevant EU Paris-aligned or Climate Transition Benchmark against which the fund can measure the extent to which its investments mitigate climate change.

However, FEIP's contributions to decarbonisation and the fund's sustainable impact are measured, tracked and reported on regularly. This is to both demonstrate the assets' contribution to the sustainable investment objective and ensure the continued effort of reducing absolute carbon emissions in line with the objectives of the Paris Agreement, as well as to ensure compliance with the methodological requirements set out in Commission Delegated Regulation (EU) 2020/1818.

At an investment level, FEIP ensures that all potential investments undertaken meet the fund's definition of sustainably managed infrastructure assets, and that sustainability and ESG-related risks and opportunities are systematically identified, assessed and subsequently managed through evaluation in accordance with Foresight's Sustainability Evaluation Tool ("SET") and ongoing operational monitoring.

The SET is an evolving tool and has been designed with flexibility in mind, making it adaptable to new sectors, industry frameworks and impact standards as the level of sophistication around sustainability and ESG performance monitoring grows. Moreover, the materiality of certain issues

within each of these areas can be subject to frequent change, therefore a framework that can adapt easily to reflect these changes is important.

The tool draws on IRIS+ indicators, which are an aggregation of a number of widely recognised sustainability and climate related frameworks to measure, manage and optimise sustainability and ESG performance. These frameworks include GRESB, the Global Reporting Initiative ("GRI"), the Sustainability Accounting Standards Board ("SASB"), the UN SDGs, the Global Impact Investing Network ("GIIN") and Principles for Responsible Investment ("PRI").

The final SET assessment, and the asset's corresponding "Sustainability Web", are produced as part of investment due diligence and presented to Investment Committee.

FEIP confirms its commitment to make investments that all contribute to the fund's attainment of its sustainable investment objective. Therefore, for the purpose of disclosing in line with the expectations of Commission Delegated Regulation (EU) 2022/1288, FEIP confirms its commitment to invest a minimum proportion of 95% of the fund's assets in alignment with the fund's sustainable investment objective. As a result, a maximum proportion of 5% the fund's assets in investments will be categorised as "#2 Not sustainable"; this allocation is for the cash and cash equivalents of the fund. In addition, the fund has set the objective of having all of its assets compliant with the EU Taxonomy's pre-determined screening criteria<sup>1</sup> (by market value).

## 2 NO SIGNIFICANT HARM TO THE SUSTAINABLE INVESTMENT OBJECTIVE

Overall responsibility for Sustainability and Environmental, Social and Governance ("ESG") considerations resides with the Key Executives of FEIP, with analysis and reporting of ESG criteria advised on by Foresight infrastructure investment teams.

FEIP monitors both the attainment of its climate change mitigation objective and compliance with the "do no significant harm" test under the Sustainable Finance Disclosure Regulation. The fund achieves this through the integrated application of Foresight Group LLP, the fund's portfolio manager (the "Investment Manager")'s Sustainability Evaluation Tool' ("SET"), which can be used to assess the sustainability and ESG performance of assets throughout their lifecycle. The SET consists of measurable indicators and is used in the evaluation of all projects. (See below for more information.)

From the perspective of EU Taxonomy aligned assets, the Do No Significant Harm ("DNSH") criteria detailed within the Delegated Act feature within the SET and are assessed at the project level.

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<sup>1</sup> At the time of investment. At the time of drafting this disclosure, FEIP's investment into ETA Manfredonia is assessed to fall outside of the updated EU Taxonomy.

Furthermore, for both EU Taxonomy aligned and non-aligned assets, monthly asset-level sustainability and ESG data are collected which enables reporting against the mandatory Principal Adverse Impact (“PAI”) indicators in Table 1 Annex 1 of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022. These are as follows:

GHGs	1	GHG Emissions	Scope 1 GHG Emissions Scope 2 GHG Emissions Scope 3 GHG Emissions (from Jan 23) TOTAL GHG Emissions
	2	Carbon Footprint	Carbon Footprint
	3	GHG intensity of Investee Companies	GHG intensity of Investee Companies
	4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
	5	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage
	6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
Biodiversity	7	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity- sensitive areas where activities of those investee companies negatively affect those areas
Water	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
Waste	9	Hazardous Waste Ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
Social and Employee Matters	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprise
	12	Unadjusted Gender Pay Gap	Average unadjusted gender pay gap of investee companies
	13	Board Gender Diversity	Average ratio of female to male board members in investee companies
	14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

### 3 SUSTAINABLE INVESTMENT OBJECTIVE OF THE FINANCIAL PRODUCT

FEIP has a sustainable investment objective to mobilise capital into investments that contribute meaningfully to global decarbonisation and the energy transition as renewable generation sources displace conventional fossil fuel sources.

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.

Investments made by the fund will be into both operational assets and assets at development and construction phase. Therefore, the fund's activities will contribute materially towards the emissions reduction objectives set out under the Paris Climate Agreement. These make a contribution to the following climate change mitigation objectives set out in Article 10 of Regulation (EU) 2020/852:

- Generating, transmitting, storing, distributing or using renewable energy in line with Directive (EU) 2018/2001, including through using innovative technology with a potential for significant future savings or through necessary reinforcement or extension of the grid;
- Establishing energy infrastructure required for enabling the decarbonisation of energy systems; and
- Producing clean and efficient fuels from renewable or carbon-neutral sources.

It is intended that all of FEIP's investments will make a significant contribution to the climate change mitigation objectives of Regulation (EU) 2020/852 outlined above.

FEIP does not use an EU Climate Transition or Paris-aligned benchmark as a reference. This is because there is no relevant EU Paris-aligned or Climate Transition Benchmark against which the fund can measure the extent to which its investments mitigate climate change.

However, FEIP's contributions to decarbonisation and the fund's sustainable impact are measured, tracked and reported on regularly. This is to both demonstrate the assets' contribution to the sustainable investment objective and ensure the continued effort of reducing absolute carbon emissions in line with the objectives of the Paris Agreement, as well as to ensure compliance with the methodological requirements set out in Commission Delegated Regulation (EU) 2020/1818.

### 4 INVESTMENT STRATEGY

FEIP will focus on three core infrastructure sectors:

- A diverse range of renewable energy generation technologies;
- Flexible renewable enabling infrastructures, such as batteries and other forms of energy storage; and
- Transmission and distribution assets.

The fund implements its strategy of investing in all aspects of energy infrastructure required to facilitate the transition to low-carbon power grids by making investments either directly or through holding structures that give it an investment exposure to assets and subsequent governance rights.

FEIP invests in high quality assets in regions that have well-developed and stable regulatory frameworks and where the Investment Manager has local teams, extensive networks and a track record of investment, namely the UK, continental Europe 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.

Sustainability considerations are embedded throughout FEIP's investment process and asset management procedures, from initial investment screening through due diligence and into ongoing monitoring and reporting. Analysis and reporting of Sustainability and ESG criteria is advised on by the Investment Manager.

Good governance is essential for FEIP's portfolio to achieve its targeted returns and to minimise downside risk.

## 5 PROPORTION OF INVESTMENTS

FEIP intends that all of the fund's assets will be used for the purpose of attaining its sustainable investment objective and that all investments in the fund will be environmentally sustainable investments. Notwithstanding, the Company may hold cash reserve (as detailed further below).

Therefore, for the purpose of disclosing in line with the expectations of Commission Delegated Regulation (EU) 2022/1288, FEIP confirms its commitment to invest a minimum proportion of 95% of the fund's assets in alignment with the fund's sustainable investment objective (detailed above).

As a result, a maximum proportion of 5% the fund's assets in investments will be categorised as "#2 Not sustainable"; this allocation is for the cash and cash equivalents of the fund (as detailed further below).






The fund has expected of having all of its assets compliant with the EU Taxonomy's pre-determined screening criteria at the time of investment (by market value). However, since the EU Taxonomy is a living document, changes in what is considered to be a sustainable investment activity are known to take place<sup>2</sup>.

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<sup>2</sup> Energy from Waste ("EfW") assets are no longer included in the EU Taxonomy and any EfW investments held in FEIP's portfolio will be classified as non-EU Taxonomy aligned. FEIP invested into ETA Manfredonia, a 16.8MW operational EfW plant in Italy, in May 2021. At the time of drafting this disclosure, FEIP's investment into ETA Manfredonia is assessed to fall outside of the updated EU Taxonomy

## 6 MONITORING OF THE SUSTAINABLE INVESTMENT OBJECTIVE

FEIP has mapped its portfolio's sustainable impact performance against the UN Sustainable Development Goals ("SDGs") and their underlying targets. The specific indicators used for the FEIP portfolio are:

SDG	SDG Target(s)	Contribution
 <b>3</b> GOOD HEALTH AND WELL-BEING	<b>3.9</b> Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	<b>Tonnes</b> of pollutants removed from the Atmosphere including: Avoidance of: <b>x kg of NO<sub>x</sub></b> (Nitrous Oxide) <b>x kg of SO<sub>x</sub></b> (Sulphur Dioxide) <b>x kg of PM<sub>10</sub></b> (µm10 Particulate Matter) <b>x kg of PM<sub>2.5</sub></b> (µm2.5 Particulate Matter)
 <b>7</b> AFFORDABLE AND CLEAN ENERGY	<b>7.2</b> Increase substantially the share of renewable energy in the global energy mix.	<b>x GWh</b> renewable energy generated <b>x UK homes</b> powered for a year
 <b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE	<b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure to support economic development and human wellbeing, with a focus on affordable and equitable access for all.	<b>x MW</b> renewable generation capacity added to the electricity grid
 <b>13</b> CLIMATE ACTION	<b>13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.  <b>13.3</b> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	<b>x tCO<sub>2</sub>e</b> emissions avoided compared to country-specific grid intensity
 <b>15</b> LIFE ON LAND	<b>15.5</b> Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.	<b>x TOE</b> (tonnes of oil equivalent) avoided

## 7 METHODOLOGIES

The fund monitors the attainment of its climate change mitigation objective by assessing investment performance against measurable Sustainability Indicators. This assessment is carried out for all projects and

is monitored on an ongoing basis throughout the asset lifecycle, providing a basis for comparison of performance and creating a system that enables more accurate reporting, leading to enhanced data quality.

Calculation methodologies for the Sustainability Indicators in Article 43 of this document can be provided on request.

## 8 DATA SOURCES AND PROCESSING

As mentioned above, performance data is collected and monitored throughout the asset lifecycle, to allow for ongoing assessment of the portfolio's overall sustainability performance and enable concise reporting of this information to the relevant stakeholders.

The data used is collected from the assets directly as a formalised requirement of operational monitoring. Where possible, this data collection is automated and flows directly into Foresight's data management platform. Where data flow cannot be automated, they are collected from the assets and based on real values. Acknowledging the fact that there is a reliance on the assets to provide accurate data, the Investment Manager screens for anomalies and addresses these through either engagement with the assets, or the use of estimates. Estimates will always be established using proxy data from like assets or will be based on widely accepted market standards. The proportion of estimated data is assessed to be no greater than 10% for any given reporting period.

## 9 LIMITATION TO METHODOLOGIES AND DATA

As noted above, data accuracy and completeness are dependent on the cooperation of the asset. In recognition of the fact that data gaps do occasionally exist, a data estimation engine is being developed. This will ensure any gaps in data can be automatically filled with accurate data estimations, as well as driving focus on where information flow can be improved. The fund endeavours that none of these limitations will negatively affect the attainment of its sustainable investment objective. However, where deemed necessary, the fund or the Investment Manager may commission assessments by third party providers to provide a detailed qualitative and quantitative assessment of how the fund has performed against its stated environmental or social objectives. Meanwhile, the Investment Manager is motivated to continually increase the accuracy and efficiency of the data collection process across the portfolio and will address any further shortcomings as and when they become evident.

## 10 DUE DILIGENCE

At an investment level, FEIP ensures that all potential investments undertaken meet the fund's definition of sustainably managed infrastructure assets, and that sustainability and ESG-related risks and opportunities are systematically identified, assessed and subsequently managed through evaluation in accordance with Foresight's Sustainability Evaluation Tool ("SET") and ongoing operational monitoring.

The SET is an evolving tool and has been designed with flexibility in mind, making it adaptable to new sectors, industry frameworks and impact standards as the level of sophistication around sustainability and ESG



performance monitoring grows. Moreover, the materiality of certain issues within each of these areas can be subject to frequent change, therefore a framework that can adapt easily to reflect these changes is important.

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The final SET assessment, and the asset's corresponding "Sustainability Web", are produced as part of investment due diligence and presented to Investment Committee.

Where necessary, third party advisers can be appointed by FEIP to undertake Due Diligence on sustainability and ESG related areas prior to investment.

## 11 ENGAGEMENT POLICIES

FEIP holds quarterly Board meetings for each of the asset holding SPVs, which are fulfilled by the Investment Manager on its behalf. The Board members work to promote good governance as part of the Fund's active engagement with projects.

## 12 ATTAINMENT OF THE SUSTAINABLE INVESTMENT OBJECTIVE

FEIP has a sustainable investment objective to mobilise capital into investments that contribute meaningfully to global decarbonisation and the energy transition as renewable generation sources displace conventional fossil fuel sources. As discussed above, FEIP invests across the spectrum of clean energy infrastructure. This includes, and predominantly focuses on, the following three core infrastructure sectors:

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