



EIG

ESG and Climate Policy

Updated July 2022

This Policy is adopted by EIG's Executive- and ESG Committees and undergoes annual review and updates.

ESG Policy

EIG is committed to exhibiting and encouraging robust practices and performance related to **Environmental, Social & Governance (ESG)** factors for both its own operations and its investments. Given the limited scope of EIG's direct operational footprint (primarily office use and associated business activities), the majority of our focus pertains to the careful assessment of investments made by EIG-managed funds and accounts, as applicable, to seek to ensure environmental protection; ethical business conduct; social integrity; and respect for employees, contractors and communities. These factors are assessed based on historical and current practices, with prudent consideration of potential future impacts over the life of the investment. Furthermore, we maintain policies and procedures reasonably designated to comply with all applicable ESG-related laws and regulations. We consider integration of these factors a duty to our investors and strive to be supportive of investors' ESG targets and goals. EIG also commits to thoughtful assessment of ESG factors for their applicability to the sustainability and long-term value of EIG-managed funds and accounts, as applicable. EIG is committed to leadership in the energy transition and evaluates climate metrics of each private investment including in relation to applicable global standards (e.g. the Paris Climate Agreement and Net Zero ambitions). To meet these pledges, we measure and disclose the greenhouse gas (GHG) emissions of our portfolio and evaluate fund-specific ESG targets to encourage modernization and higher operational standards at our portfolio companies, resulting in improved ESG performance. To assist the integration of ESG evaluation internally and across our investments while seeking alignment of our broader portfolio with global GHG emission reductions, we adhere to three primary mechanisms:

- Partnership with our investors to understand their climate and ESG-related priorities, goals and initiatives;
- Use of a data-driven approach to assess ESG risks and opportunities both in transaction due diligence and throughout the life of an investment; and
- Engagement with portfolio companies to develop, implement or improve their ESG programs.

Approach to Climate Change

Climate change represents a tangible threat to both populations worldwide and the viability of global economies and businesses susceptible to the physical, market and regulatory ramifications of climate change. As a capital provider to the global energy and infrastructure sectors, EIG is committed to not only understanding and evaluating these risks, but also investing in opportunities that combat climate change and contribute to a decarbonized global economy over time. Since 2019, we have focused on collecting data and engaging with our portfolio companies to understand exposure and vulnerability to potential climate risks, mitigation actions and plans, and business preparedness for success in a low carbon economy. Supportive of our approach to climate change, we commit to the following principles:

Quantification of our GHG Emissions:

- Tracking of emissions data for EIG and our investments; during diligence and annually thereafter;
- Urging portfolio companies to implement programs that measure actual methane emissions, improve operational performance; and quantify GHG emissions and reductions;

Reporting of GHG Emissions:

- Publicly disclosing GHG emissions of our loans and investments per the PCAF Standard;
- Continuing to support the TCFD and seeking to incorporate TCFD-related objectives in our annual public report to enhance delivery of transparent information about climate-related risks to our portfolio to our investors; and

Paris Agreement Alignment:

- Through our commitment to PCAF and by implementing the aforementioned commitments, seeking to enable alignment of our private portfolio with the Paris Agreement. Critical to this endeavor is deploying capital to projects that contribute to the energy transition and are like-minded in their views on identifying and mitigating climate risk

ESG and Climate Risk Governance and Oversight

The highest governing body of EIG is the Executive Committee. The Executive Committee has general oversight of the long-term Firm strategy including ESG planning and climate-related investment risk. The Executive Committee has nine voting members including EIG’s Chairman & CEO, President and ESG Director.

Investment review and selection is overseen by the respective Investment Committee of each managed investment vehicle. In the investment process, the investment teams assess and opine on technical, financial and non-financial risks and opportunities for each potential investment including physical and transitional climate risks, as well as broader ESG risks. Once an investment is properly underwritten by the investment team, an approval for the investment recommendation by the applicable Investment Committee is required for all investments to proceed.

Responsibility for proper identification and assessment of ESG risk to both EIG and each potential investment lies with the ESG Committee. The cross-functional senior members of the ESG Committee are selected based on their extensive backgrounds in deal structuring, operations and legal matters. These members are chosen for their ability to influence and integrate ESG practices and culture throughout EIG, as well as with investors and portfolio companies.

The ESG Committee meets to discuss:

- Strategy** Monthly meetings to review and debate current ESG trends, regulations and climate related topics and whether they should be integrated into broader strategy and regular workstreams; and
- Investment Review** Ad hoc meetings ahead of each final Investment Committee review and recommendation; the Investment Teams prepare and present an ESG Memo to the ESG Committee developed with support from the ESG Team and third-party advisors to summarize identified opportunities, risks and associated mitigants

The ESG team is focused on implementing EIG’s ESG strategy in close coordination with other EIG teams on investment due diligence, portfolio monitoring, investor engagement, regulatory compliance and reporting.



ESG Factors Review

EIG is committed to encouraging robust practices and performance related to ESG factors for its investments. The transaction due diligence process specifically allows EIG to critically evaluate ESG-related risks and opportunities germane to a specific investment. This process is established by the ESG Committee and implemented by the ESG and Investment Teams. The output of the due diligence process is maintained in a comprehensive ESG database whereafter ESG data can be revisited, updated and reviewed on an annual basis for the life of the investment. Any potentially material risks are thoroughly reviewed by the ESG Committee; identification of risks may result in further discussions with the management team, development of mitigation recommendations and inclusion of additional ESG language in investment agreements or other documents should a transaction continue to progress. Private investments are assessed on an annual basis against baseline ESG data collected in pre-investment due diligence.

This assessment allows EIG to monitor how previously identified risks are being managed or mitigated and creates the opportunity for the identification of new risks. At any time, should a portfolio company experience a material environmental or social event, EIG requests detailed root cause analysis of the incident and regular follow up to seek to mitigate the risks of future similar incidents. These incidents or any identified ESG risks may warrant meetings at a regular frequency with the portfolio company management team or its designees to review risk management procedures, resources, and prioritization.

ESG Maturity

EIG has selected the following 14 factors for assessment for all investments. These factors were chosen based on guidance from the WRI/WBCSD GHG Protocol, Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), applicable ESG regulations, publicly available portfolio company disclosures and existing EIG processes. We evaluate and determine each private investment's ESG program maturity for these factors by assessing:

- 1) Policies & Programs: considers whether a portfolio company has processes in place to identify and mitigate ESG risks for a particular ESG factor, and whether the ESG factor is incorporated into an enterprise risk management process;
- 2) Data Availability & Completeness: considers whether a portfolio company tracks performance data and KPIs relevant to a particular ESG factor, and if the company discloses these data and metrics to investors: and
- 3) Targets & Goals: considers whether a portfolio company has or is developing targets or goals to manage a particular ESG factor, and if performance regarding the ESG factor is linked to executive compensation.



ENVIRONMENTAL

- Energy Management
- Biodiversity & Ecological Impact
- Air Quality
- GHG Emissions
- Water & Wastewater Management



SOCIAL

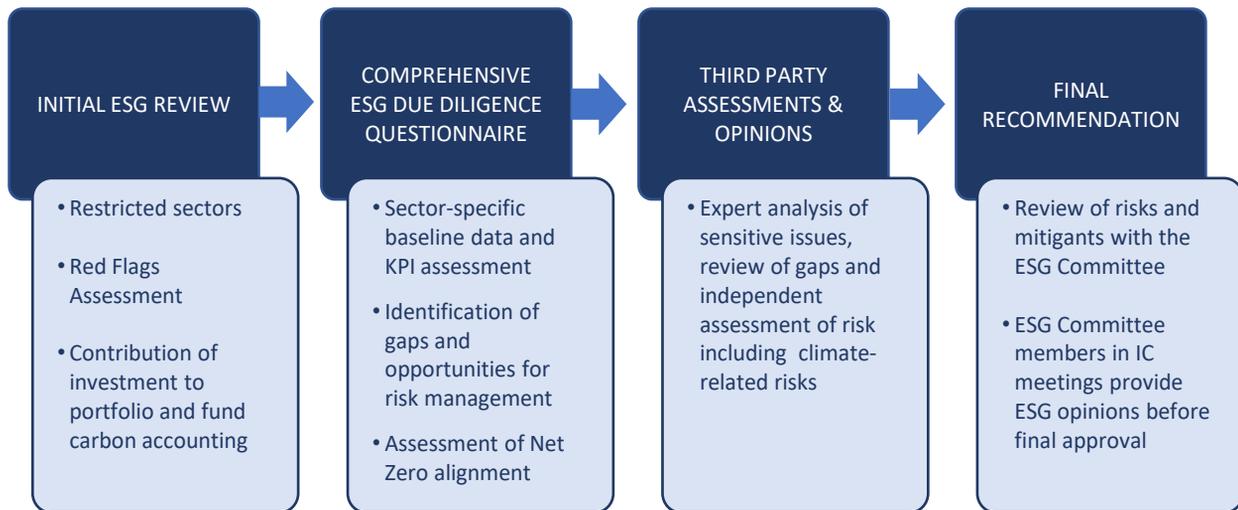
- Human Rights & Community Relations
- Employee Engagement, Diversity & Inclusion
- Workforce Health & Safety
- Labor Practices



GOVERNANCE

- Supply Chain Management
- Business Model Resilience
- Critical Incident Risk Management
- Management of the Legal & Regulatory Framework
- Business Ethics & Transparency

ESG Due-Diligence Check-Points



ESG Recommendation

For all private investments, all diligence findings from the sector-specific questionnaire, the third-party consultant review and all other related diligence findings are aggregated and summarized in an ESG memo prepared by the dedicated investment team with the assistance from the ESG team and other teams, as needed. The memo includes investment opportunity highlights, ESG performance and related KPI's, peer benchmarking, carbon metrics, identified risks and opportunities and Net Zero alignment analysis. This memo is reviewed and approved by the ESG Committee and incorporated into the investment recommendation materials provided to the Investment Committee ahead of final investment approval.

Outside Commitments

To increase transparency and encourage collaboration with all stakeholders, we commit to publicly disclose information regarding our ESG programs on an annual basis. For additional support in development and implementation of our priorities, we rely on our commitments to the Principles for Responsible Investment, sponsored by the United Nations (UNPRI); the Partnership for Carbon Accounting Financials (PCAF); and initiative Climat International (iCI).

Political Engagement

As a firm, EIG does not donate corporate financial contributions to candidates for political office, political parties or political action committees. However, from time to time, we find it important to provide input to proposed regulations and policies that could affect our portfolio companies and/or our investors.