Article 10 (SFDR – Level II)

Website disclosure for an article 8 fund

SOSTENEO ENERGY TRANSITION SUB-FUND 1

(The "Compartment")

A. SUMMARY

The Compartment is categorised as an Article 8 product for the purposes of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”).

The financial product promotes contribution to climate change mitigation, building a diversified portfolio that invests in (i) infrastructure projects in the renewable energy sector, (ii) energy transition related infrastructure projects and (iii) infrastructure projects that are ancillary to, or supportive of, energy transition.

In order to achieve the promotion of this environmental characteristics, the Investment Manager ensures that the contribution to this environmental characteristic is taken into account at each stage of its investment process as well as infrastructure companies in which Investments are made follow good governance practices, as further described in the section “D. INVESTMENT STRATEGY”.

The investment strategy of the financial product is to make investments in infrastructure companies focused on renewable energy and support technologies, in particular construction-ready or late-stage development projects relating to greenfield solar, wind, battery storage and network assets across OECD countries in Asia Pacific and Europe.

The Investment Manager ensures that environmental, social and governance aspects are considered and maximized not only in the selection of Investments, but at every stage of an Investment – from the outset of origination, through to the due diligence and acquisition phase, and into the post-acquisition phase with ongoing monitoring, management, and stakeholder engagement, in particular:

- Pre-acquisition. Prior to making any investment decision, the Investment Manager performs a Sustainable Due Diligence on the proposed infrastructure company, evaluating a variety of factors including:
  - an assessment of the company against the principle adverse impact (PAI) indicators, as further described in the section “D. INVESTMENT STRATEGY” below.
  - an agreement in the form of contractual clauses in shareholder’s agreement or in the transaction documents with the relevant counterparties of the target infrastructure company to facilitate effective measurement and reporting on the suitable indicators, namely sustainability indicators, as further described below and adverse impact indicators for the Investment’s contribution to the environmental and social characteristics promoted.
- Post-acquisition. The Investment Manager will collect and analyze data from the investee infrastructure companies on the suitable indicators to establish the attainment of promotion of chosen characteristic and impact. The Investment Manager will engage with the investee infrastructure companies as appropriate to discuss deviations from the promoted characteristic and suitable indicators. The Investment Manager will also produce on a periodic basis a report that evaluates the attainment of promoted characteristic and the impact performance of the financial product’s Investments in infrastructure companies

The binding elements of the investment strategy are the following:

- All infrastructure investments qualify as promoting climate change mitigation at acquisition.
- All infrastructure investments are subject to the Sustainable Due Diligence prior-acquisition.
- No infrastructure investment is involved in violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or exposed to companies active in the fossil fuel sector or controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons). Such screening is performed both pre-acquisition and at least on an annual basis during post-acquisition stage.

In order to determine whether the Compartment and its Investments are attaining the promotion of climate change mitigation, the Investment Manager will track the following sustainability indicators at portfolio and/or asset level:

Sustainability indicator	Metric
Capital invested into i) renewable energy, ii) energy transition-related, iii) ancillary to energy transition assets	EUR/Total Commitment
GHG emissions saved or avoided	kt CO2e/a
Electricity generation capacity from renewable energy sources	MW
Electricity produced from renewable energy sources	GWh/yr
Tonnes of Oil Equivalent (TOE) / Tonnes of Coal Equivalent (TCE) avoided	TOE / TCE

B. NO SUSTAINABLE INVESTMENT OBJECTIVE

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

C. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT

The financial product promotes contribution to climate change mitigation, building a diversified portfolio that invests in (i) infrastructure projects in the renewable energy sector, (ii) energy transition related infrastructure projects and (iii) infrastructure projects that are ancillary to, or supportive of, energy transition.

In order to achieve the promotion of this environmental characteristics, the Investment Manager ensures that the contribution to this environmental characteristic is taken into account at each stage of its investment process as well as infrastructure companies in which Investments are made follow good governance practices, as further described in the section “D. INVESTMENT STRATEGY” below.

D. INVESTMENT STRATEGY

The investment strategy of the financial product is to make investments in infrastructure companies focused on renewable energy and support technologies, in particular construction-ready or late-stage development projects relating to greenfield solar, wind, battery storage and network assets across Organisation for Economic Cooperation and Development (OECD) countries in Asia Pacific and Europe.

The Investment Manager ensures that environmental, social and governance aspects are considered and maximized not only in the selection of Investments, but at every stage of an Investment – from the outset of origination, through to the due diligence and acquisition phase, and into the post-acquisition phase with ongoing monitoring, management, and stakeholder engagement, in particular:

- Pre-acquisition. Prior to making any investment decision, the Investment Manager performs a Sustainable Due Diligence on the proposed infrastructure company, evaluating a variety of factors including:

  - an assessment of the company against the principle adverse impact (PAI) indicators, as further described below.
  - an agreement in the form of contractual clauses in shareholder's agreement or in the transaction documents with the relevant counterparties of the target infrastructure company to facilitate effective measurement and reporting on the suitable indicators, namely sustainability indicators and adverse impact indicators for the Investment's contribution to the environmental and social characteristics promoted.
- Post-acquisition. The Investment Manager will collect and analyze data from the investee infrastructure companies on the suitable indicators to establish the attainment of promotion of chosen characteristic and impact. The Investment Manager will engage with the investee infrastructure companies as appropriate to discuss deviations from the promoted characteristic and suitable indicators. The Investment Manager will also produce on a periodic basis a report that evaluates the attainment of promoted characteristic and the impact performance of the financial product's Investments in infrastructure companies.

The binding elements of the investment strategy are the following:

- All infrastructure investments qualify as promoting climate change mitigation at acquisition.
- All infrastructure investments are subject to the Sustainable Due Diligence prior acquisition (see above "What investment strategy does this financial product follow?").
- No infrastructure investment is involved in violations of UN Global Compact principles and OECD) Guidelines for Multinational Enterprises or exposed to companies active in the fossil fuel sector or controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons). Such screening is performed both pre-acquisition and at least on an annual basis during post-acquisition stage.

The infrastructure companies in which investments are made follow good governance practices. The good governance practices of investee companies are assessed prior to making an investment as part of the Sustainable Due Diligence, particularly via:

- ensuring that no infrastructure investment is involved in violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises or exposed to companies active in the fossil fuel sector or controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
- minimum standards against which investee companies will be assessed including sound management structures, employee relations, remuneration of staff and tax compliance.

This financial product also considers principal adverse impact on sustainability indicators as follows:

In respect to each potential investment opportunity, the Investment Manager aims to identify ESG risks as soon as possible in the investment process, as well as ensuring appropriate monitoring and mitigating actions; to this purpose, principle adverse impacts indicators included in Annex I of the Regulatory Technical Standards (RTS) are taken into account at each stage of the investment process, as further described below:

TABLE 1	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS	
1. GHG emissions	Scope 1 GHG emissions
	Scope 2 GHG emissions
	Scope 3 GHG emissions
	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 of total energy sources
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
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
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY 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
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 Enterprises
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, expressed as a percentage of all board members
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

Above key issues are analyzed in the context of the Sustainable Due Diligence with a view to (i) either directly excluding potential infrastructure companies and/or assets (e.g., excluding those with serious violations of Table 1 – N.10, or those with exposure to Table 1 – N.4, or Table 1 – N.14) (ii) or, for those remaining eligible, determining the adequateness of the mitigation measures including the policies and actions implemented by the investee. Although the analysis is directed to the investee companies and their assets and excludes third party contractors and/or investors, where deemed relevant by the Investment Manager having regard to the nature of the Investment (e.g. an SPV with the sole purpose of owning and operating a solar farm) and the role of the counterparty (e.g. solar module supplier), the Investment Manager may also consider principal adverse impact ("PAI") indicators N. 10 to 14 of Table 1.The Investment Manager will use Best Efforts to collect information on the PAI indicators for each Investment. "Best Efforts" means that the Investment Manager is committed to obtaining data on the PAI Indicators from each counterparty, to the extent relevant, that is involved in the investee company and its underlying assets, or by carrying out additional research, cooperating with third party data providers or external experts or making reasonable assumptions.

The Investment Manager is involved in initiatives that aim at limiting/eliminating the potential adverse impact of investments, in particular impacts measured using the PAI indicators collected by the Investment Manager using Best Efforts. Potential adverse impacts are also reflected in the context of the Sustainable Due Diligence.

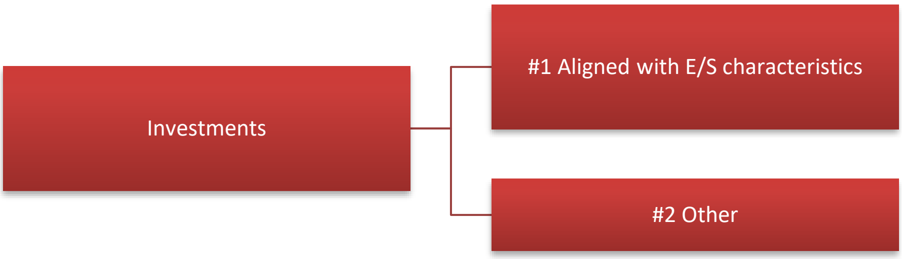
Subject to the abovementioned limitations, more information on principal adverse impacts on sustainability factors is available in the periodic reporting pursuant to Article 11(2) of the SFDR.

E. PROPORTION OF INVESTMENTS

The financial product expects all infrastructure Investments to be aligned with the E/S characteristics promoted, contributing to climate mitigation.

Therefore, a minimum of 90% of the net assets of the Compartment will be aligned with the E/S characteristics promoted, contributing to climate mitigation. The remaining proportion, up to 10% of the net assets, will contain derivative transactions (for Hedging Transactions), cash, cash deposits and money market instruments for short term liquidity purposes, as set forth in the Issuing Document.

If the Investment Manager considers it to be in the best interest of the Partners and under certain circumstances (e.g., during the Investment Period and/or the disinvestment period) the proportion of net assets aligned with the E/S characteristics may from time to time, being lower where the use of derivatives and the holding of cash, cash deposits and money market instruments for short term liquidity purposes exceeds 10% of the net assets of the Compartment.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The “Other” bucket of the asset allocation contains derivative transactions (for Hedging Transaction) and cash, cash deposits and money market instruments for short term liquidity purposes, as set forth in the Issuing Document.

There are no minimum environmental and social safeguards for such investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

The financial product promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the financial product does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

F. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

The Compartment approach for monitoring the promotion of climate change mitigation of the Fund is built to cover each stage of the investment process, in particular:

- Pre-acquisition. At this stage the Investment Manager ensures compliance of the target infrastructure company with the binding elements and good governance practices described in above section "D. INVESTMENT STRATEGY".

- Post-acquisition. At this stage, on an annual basis, the Investment Manager will track the following sustainability indicators at portfolio and/or asset level

Sustainability indicator	**Metric**
Capital invested into i) renewable energy, ii) energy transition-related, iii) ancillary to energy transition assets	EUR/Total Commitment
GHG emissions saved or avoided	kt CO2e/a
Electricity generation capacity from renewable energy sources	MW
Electricity produced from renewable energy sources	GWh/yr
Tonnes of Oil Equivalent (TOE) / Tonnes of Coal Equivalent (TCE) avoided	TOE / TCE

The information is gathered and reviewed from a variety of sources. The first level of control is through the periodic reporting for each individual investment on the indicators above from external service providers to the Investment Manager. The Investment Manager reviews and checks the data and methodology for consistency and errors. The Investment Manager will conduct periodic reviews of individual reporting indicators to ensure alignment with best practice approaches to calculation and reporting. The Investment Manager is also subject to regular internal compliance reviews.

G. METHODOLOGIES

Sustainability indicator	Calculation methodology
Capital invested into i) renewable energy, ii) energy transition-related, iii) ancillary to energy transition assets	Calculation is conducted by allocating each investment into the relevant category, e.g., an investment in a company that owns a solar farm would be in category 1 and an investment in a company that owns a large-scale battery would be category 2. After allocating the investments made, these are then divided by the total commitments drawn from the investors.
GHG emissions saved or avoided	Depending on the type of investment, underlying assets and jurisdiction the investment and/or asset is operating, the calculation of the GHG emissions avoided will vary. The calculation will follow the generally accepted process of calculating the amount of GHG avoided such as for an investment in a solar asset, the GHG avoided is usually calculated by measuring the GHG intensity of the electricity market the asset is operating in on a CO2et/MWh and multiplying by the amount of net energy produced in the given period.
Electricity generation capacity from renewable energy sources	The calculation is undertaken by calculating the amount of electricity capacity authorized to be connected by a particular asset/investment in its jurisdiction provided the asset is classified as a renewable energy asset as per sustainability indicator 1.
Electricity produced from renewable energy sources	This is calculated by adding the total amount of energy produced from assets that are classified as renewable energy assets in 1 above as measured on a net basis each year. For example, if a wind asset produced 100,000MWh and uses 5,000MWh in a year, the total renewable energy produced for this asset would be 95,000MWh.
Tonnes of Oil Equivalent (TOE) / Tonnes of Coal Equivalent (TCE) avoided	Each asset and investment tracks the amount of oil or oil equivalent used each year and this is divided by the amount of coal equivalent avoided based on accepted methodology for calculating the equivalent amount. Each jurisdiction will have differing TCE based on the particular aspects of the operational jurisdiction.

H. DATA SOURCES AND PROCESSING

To capture data and report on environmental and social characteristics, the Investment Manager ensures to include contractual clauses in shareholder's agreement or in the transaction documents with the relevant counterparties.

As a consequence, information is gathered, for infrastructure companies, at every stage of the investment process; in particular, dedicated tools are in place, such as, but not limited to, due diligence questionnaire which is given to key project counterparties to complete and gather critical information (e.g., their approach to governance and their positioning with respect to principal adverse impacts).

If data cannot be directly accessed the Investment Manager will use "Best Efforts", meaning that the Investment Manager is committed to obtaining data from each counterparty, to the extent relevant, that is involved in the investee company and its underlying assets, or by carrying out additional research, cooperating with third party data providers or external experts or making reasonable assumptions.

I. LIMITATIONS TO METHODOLOGIES AND DATA

As described above, some of the data will be based on estimates. Additionally, even if dedicated contractual clauses will be included in relevant documents of the target projects, data quality of data provided by the target infrastructure companies may differ and be based on different methodologies; this is mainly due to the fact that the target companies the Compartment invests in are not subject to mandatory non-financial reporting standards and which, due to their small size, may have less sophisticated internal governance and reporting arrangements than larger corporates.

While some limitations do exist, the use of more than one indicator allows the Investment Manager to determine with strong confidence that the investments will continue to deliver on the E/S characteristics described. By focusing on more than one indicator, the Investment Manager is not relying on any one particular source or limitation for the calculation and therefore determining the attainment of the specific underlying promotional characteristics.

J. DUE DILIGENCE

The Sustainable Due Diligence performed along pre-acquisition stage aims at ensuring that all target infrastructure companies promote climate change mitigation, as well as are compliant with the others binding elements (as described above in section "D. INVESTMENT STRATEGY"). To do so, the Compartment leverages the Investment Manager expertise in the energy transition-related infrastructure asset class to identify attractive investment opportunities. This includes a depth of experience in analysing a broad range of issues such as geotechnical risks, other site-specific risks and opportunities, community risks, weather risk, construction risk, revenue risks and opportunities, marginal loss factors, distribution loss factors, potential curtailment, connection risk, regulatory and political risks and others.

The Investment Manager uses both internal and external resources for this due diligence that are reviewed and checked at varying stages of the investment process. This may include the use of an external consultant on environmental risks in the due diligence phase or supply chain assessments during the negotiation phase. As part of its risk assessment to the benefit of the Investment Committee, the risk function of the Manager performs a review of the sustainability due diligence conducted by the Investment Manager, in order to ensure that the E/S characteristics of the target investments have been assessed and they are in line with the fund investment policy and risk profile.

K. ENGAGEMENT POLICIES

In line with the private assets' nature of the target investments, engagement in the sense of exercising voting rights is not relevant to the Compartment's strategy. However, the Compartment will engage with project counterparties and other shareholders in project companies through entering into share purchase agreements and shareholder agreements to support the environmental characteristic of the Compartment and to ensure good governance practices. Following the acquisition of an infrastructure company, the Investment Manager 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.

L. REFERENCE BENCHMARK

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.