# 2023
# ESG REPORT

EIG

# Important Information

EIG creates value for investors through our experienced team, risk-focused approach and strategic insights in the energy sector.

The energy transition will require tremendous investment.
For 41 years, EIG has provided flexible investing solutions across the energy value chain.
Our expertise uniquely positions us to create value and opportunity at this important moment.

Companies today face a dual challenge of both driving the transformation of the global energy system and creating positive impacts on the environment in which we live.
We support companies that rise to meet that dual challenge.

FOCUSED INSIGHTS GLOBAL OPPORTUNITIES

# About this Report

EIG is pleased to present our third annual public ESG report, which is focused on providing an overview of ESG-related risk and opportunity as it relates to EIG's business. This report provides a summary of six core focus areas of interest to our stakeholders: **Climate, ESG Integration, ESG Data & Metrics, Governance, Partnership with Investors and Human Capital & DEI.**

EIG was the first private equity firm to commit to the Partnership for Carbon Accounting Financials (PCAF) in 2020, and this report discloses financed emissions in accordance with PCAF's Global GHG Accounting and Reporting Standard for the Financial Industry (*the PCAF Standard*).

We also use other recognized voluntary frameworks to inform the content of this report and collection of ESG data from our portfolio companies, including the Global Reporting Initiative (GRI), the Taskforce on Climate-Related Financial Disclosures (TCFD), the World Resources Institute's (WRI) and World Business Council for Sustainable Development's (WBCSD) Greenhouse Gas Protocol, and applicable Sustainability Accounting Standards Board (SASB) Standards.

EIG has been a member of the United Nations Principles for Responsible Investment (PRI) since 2013 and the Initiative Climat International (iCI) since 2021. EIG reports annual portfolio company ESG metrics to the ESG Data Convergence Initiative (EDCI), since 2022.

Financial data presented in this report is as of July 2023. All portfolio company ESG performance data presented in this report is for EIG-originated unrealized investments as of December 31, 2022, and includes data covering calendar year 2022 unless otherwise noted.

Due to the considerable information provided in **EIG's 2022 ESG Report** and current **ESG and Climate Policy**, we refer readers to each of these documents throughout this report, which can both be found on EIG's website.

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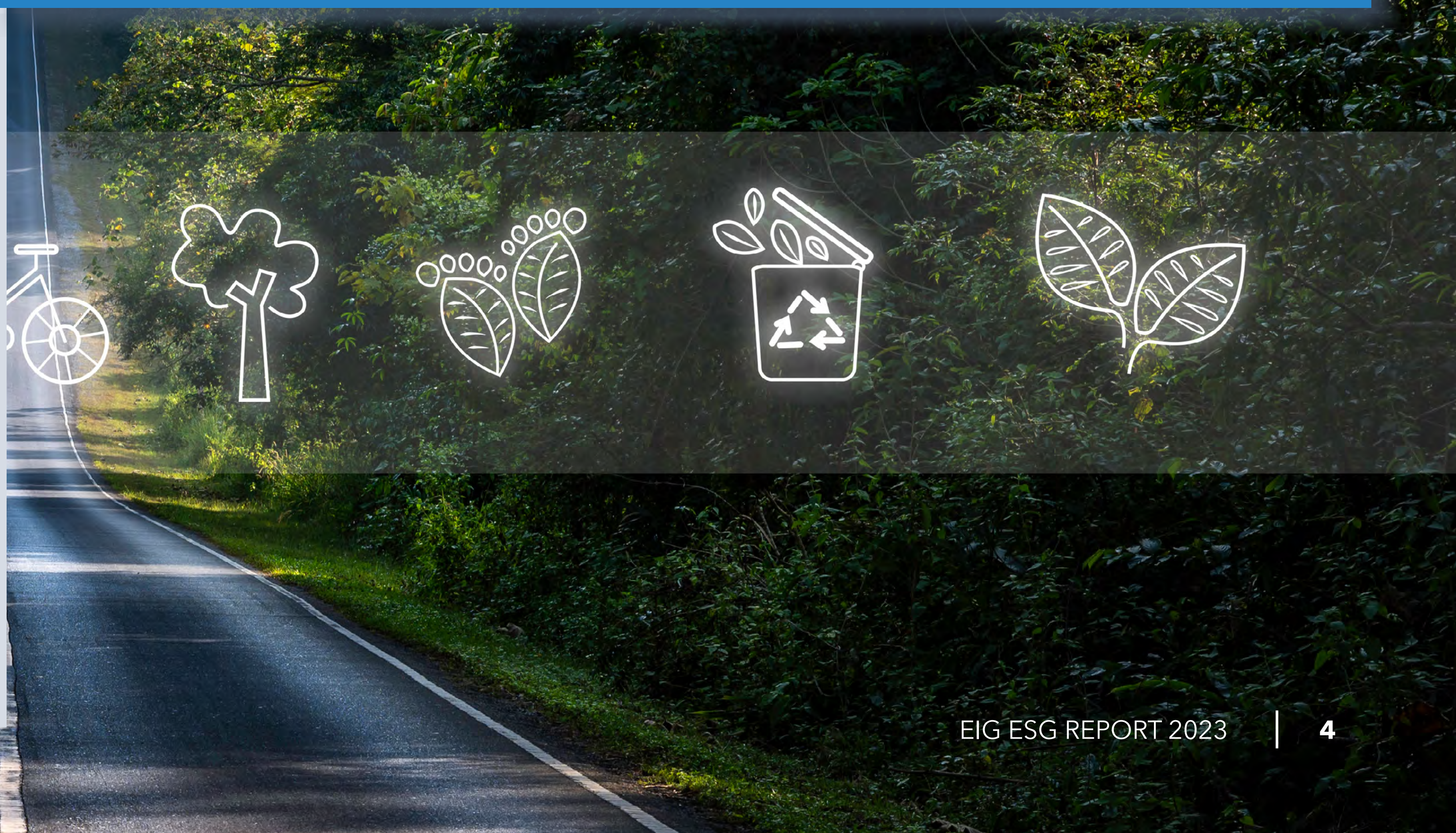


# A Message From Our CEO

We are delighted to share with you our third annual publication regarding our ESG-related strategy, procedures and performance. We believe that consideration of ESG factors is essential to both sound operation of energy assets and identification of new strategic investment opportunities. ESG is a critical part of our investment process, despite the politicization of the ESG acronym and the continued ambiguity and inconsistency about its definition and use across geographies. We originally built our ESG program on the foundation of value protection – the evaluation of factors that, if not carefully managed, can pose operational, reputational and regulatory risks to our investments. Over the past year we have increasingly expanded our program to assess value creation – the increased revenues that stem from emerging energy development and innovation.

Across our 41-year history, we have learned from experience that mismanagement of ESG-related risks can result in significant value destruction. As a manager focused on maximizing returns for our clients, we see specific risks that deserve particular focus during our underwriting and investment management processes: climate-related transition risk and operational risks pertaining to asset integrity and health & safety factors. Mitigants to these risks are bespoke to every transaction and range from sensitivity modeling in our financial projections, to ensuring governance through Board seats, to developing reporting and target-related covenants in contractual agreements. Our deep experience in the energy sector gives us confidence when evaluating and mitigating these risks across a variety of assets.

More broadly, given our focus on energy transition, we are increasingly focused not only on how our investments operate and manage risk (ESG), but also how they contribute to a more stable, cost-effective, and decarbonized global energy system (impact). We are evaluating emerging regulatory frameworks such as the European Union Taxonomy Regulation to assist us in this journey as we move from singular assessments of risk to better understanding the full impact a given investment has in relation to a rapidly changing energy network. This evolving work allows us to strengthen our decision-making, inform strategic capital allocations, and develop robust partnerships. Put simply, this work supports our objective of optimizing returns for our investors.

We invite you to learn more about our initiatives over the past year in the pages of this report, and to engage with us on any questions.

**R. BLAIR THOMAS**
EIG Chairman & CEO

> "We believe that consideration of ESG factors is essential to both sound operation of energy assets and identification of new strategic investment opportunities."

# About EIG

**1982** Established | **$22.9B** In AUM | **$45.1B** Committed | **400+** Investments | **142** Employees[3]

## EIG'S DIFFERENTIATING FACTORS[1]

### EXTENSIVE TRACK RECORD
$45.1 billion committed across more than 400 investments since 1982

### GLOBAL PLATFORM
Broad global experience with local presence in key markets

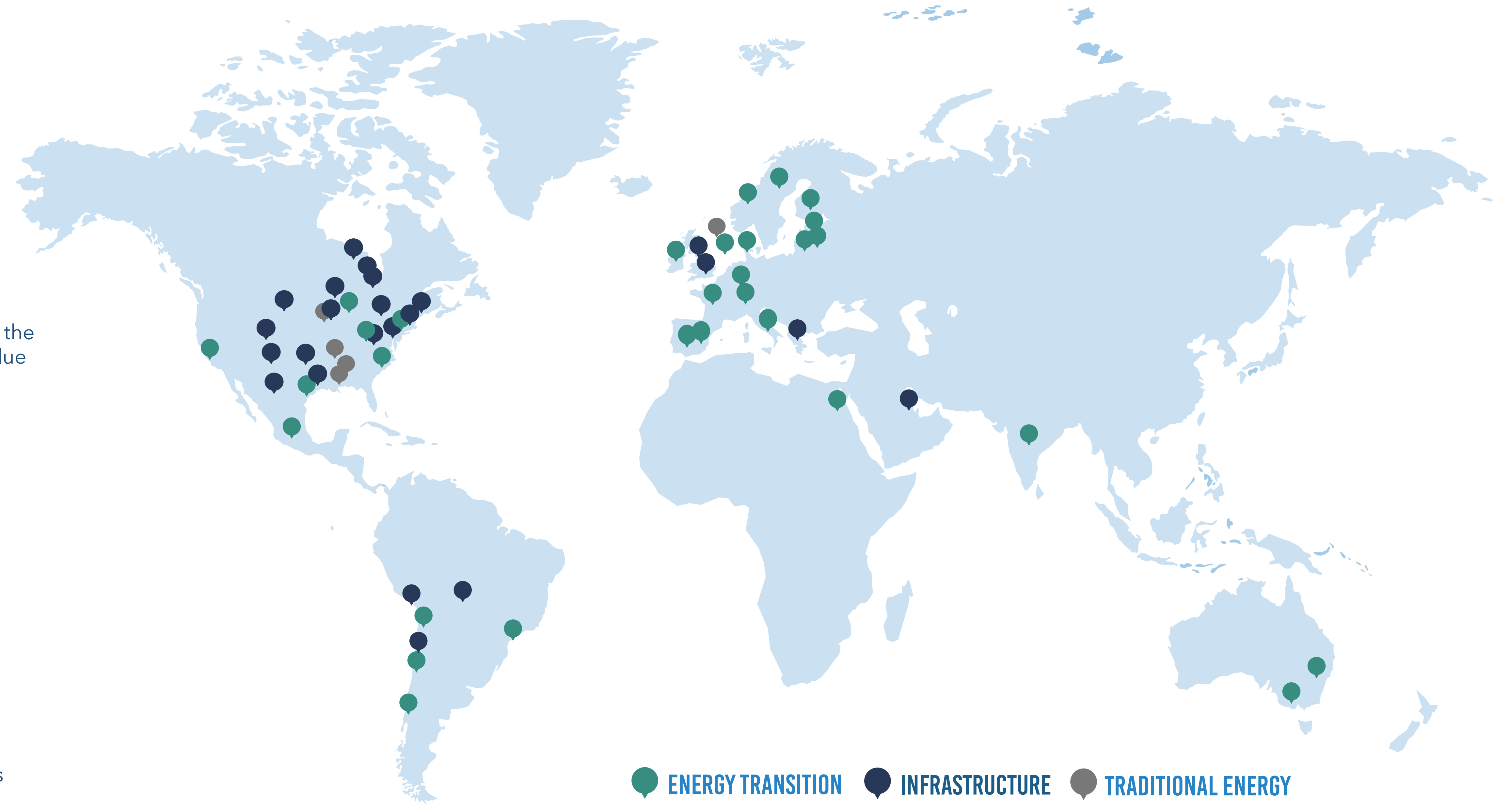
### DEEP SECTOR EXPERTISE
Extensive experience investing across the energy sector provides insight into value drivers and risk factors

### ESG LEADERSHIP
ESG fully integrated throughout investment decision-making

### FLEXIBLE INVESTMENT STYLE
Highly structured investments meet partner needs to provide downside protection with upside exposure

### BROAD ORIGINATION CAPABILITIES
Led by established industry specialists whose relationships drive proprietary deal flow

## INVESTMENT FOOTPRINT[2]




1. As of June 30, 2023.
2. Unrealized investments in calendar year 2022; showing global asset footprint where practical or a headquarter location.
3. Total headcount comprises Investment professionals plus Operations professionals.

# EIG Key Sectors

## ENERGY TRANSITION

### RENEWABLE POWER

- Solar & wind
- Energy storage
- Biomass
- Energy efficiency

### EMERGING TECHNOLOGIES

- Carbon capture
- Hydrogen
- E-mobility infrastructure

Leap Green Energy — We Partner Your Tomorrow
Sea green Wind Energy
PowerField
AVANTUS
opdenergy
European Energy
Greenleaf Power
SunLight General Capital — Solar Energy Development and Financing
HIF
ILOS
bluesource
Cerro Dominador — Concentrated Solar Power
Modern Energy
Grupo Cerro
ib vogt

## INFRASTRUCTURE

### ENERGY INFRASTRUCTURE

- LNG
- Pipelines
- Gas processing

### GAS-FIRED POWER

- Gas-fired power as a bridging source of energy

BlueRacer Midstream
PearlPipelines
AME
USA Compression
PRUMO Logística Global
NGL Energy Partners LP
WATTBRIDGE
GOODNIGHT Midstream
SNC-LAVALIN
gtb Gas TransBoliviano S.A.
TBG Transportadora Brasileira Gasoduto Bolívia-Brasil S.A.
NuStar Energy LP
MIDSHIP PIPELINE
GASLOG
PINNACLE MIDSTREAM
WEST BURTON ENERGY
GNL Quintero

## TRADITIONAL ENERGY

### UPSTREAM OIL & GAS

- Oil and gas production and development

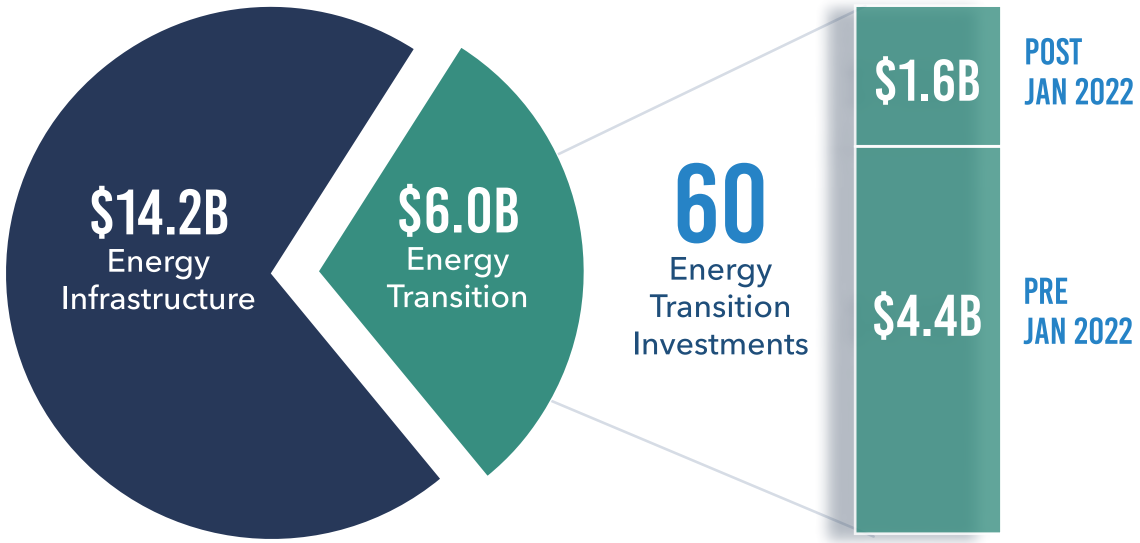
SilverBow Resources
Harbour Energy
AETHON
CITIZEN ENERGY
Peak Exploration & Production, LLC
SITIO ROYALTIES

Note: Unrealized investments as of December 31, 2022. Company logos not displayed for the following investments: Cox Oil, ERA Minerals, Hamilton, Maverick, New Covert, Outrigger, STX Midstream, SASI and Utopia.

# ESG by the Numbers

## $20.2B

committed capital in **Energy Transition** and **Energy Infrastructure** investments inception to date




## SFDR

2 SFDR Article 8 funds promoting environmental characteristics

1 SFDR Article 9 fund with an environmental objective

## 100%

of investments made since 2022 underwent ESG diligence

## 3 Years

of publicly reported financed emissions (Scope 1 and 2)

## 2022 PORTFOLIO ESG HIGHLIGHTS

**>9K**
employees at EIG portfolio companies at year-end 2022

**>10K**
contractors at EIG portfolio companies at year-end 2022

**>13 TWh**
power produced in 2022 by EIG portfolio companies
**28% from renewable sources** – higher than U.S. renewable electricity generation of 22%[1]

**59%**
of EIG portfolio companies have dedicated staff responsible for ESG performance

**86%**
of EIG portfolio companies have senior leadership dedicated to ESG performance

**89%**
of portfolio companies have at least one ESG-related performance target

**100%**
of EIG portfolio companies have an ESG-related policy

**59%**
of EIG portfolio companies have senior compensation linked to at least one ESG factor

## RECENT HIGHLIGHTS

- We funded a European solar PV developer increasingly engaged in the EV fast charging and battery storage sectors with a diversified pipeline of 300 MW operational and ready-to-build solar PV, 1.8 GW of solar PV development pipeline, 200 MW of co-located battery storage, and 1,900 operational and secured EV chargers.
- We made our first investment in a leading developer of carbon credits and marketer of environmental attributes, with our capital substantially used to acquire 1.65 million acres of commercially viable timberlands across the U.S. for carbon sequestration projects.

1. Source: US national average of 22%: https://www.eia.gov/tools/faqs/faq.php?id=427&t=3.

# EIG Approach

At EIG, our ESG program is focused on identification of ESG-related risks and opportunities. As an energy asset manager, we seek to **mitigate major risks** to the energy sector through our commitment to align with the Paris Agreement, and **identify ESG opportunities** through our focus on being a leading capital provider to the energy transition.

**This report outlines work supportive of our strategy across the following six themes:**

## Strategic ESG Themes

### CLIMATE

- Approach to climate change
- Financed emissions
- Emissions reduction strategies

### ESG INTEGRATION

- ESG diligence
- ESG monitoring
- Engagement process

### DATA & METRICS

- Data collection and analysis
- Portfolio ESG performance

### GOVERNANCE

- ESG leadership
- Review and oversight

### PARTNERSHIP WITH INVESTORS

- Fund strategy
- Reporting
- Regulatory compliance

### HUMAN CAPITAL & DEI

- Approach and strategy
- Health and wellness
- DEI KPIs

# CLIMATE

# Climate Strategy

**EIG recognizes the urgent need to address climate change and carefully considers the climate implications of every investment we make. As energy specialists, we understand that our investment activity impacts, positively and negatively, global greenhouse gas (GHG) emissions and the transition to a sustainable lower carbon economy. EIG has been quantifying its carbon footprint since 2019 and publicly reporting financed emissions since 2020 to help drive transparency across both the energy and finance sectors.**

EIG invests across the energy value chain. We are focused on investing in energy transition and opportunities to mitigate climate change and decrease reliance on fossil fuels. We believe, however, that traditional energy sources are still needed to support a global energy transition that ensures growing supplies of cost-effective, reliable, and secure sources of energy. We understand the role of natural gas production and transportation, and in particular, ensuring the reliability of electricity grids experiencing increasing penetration of renewables or where geopolitical factors limit supply. Additionally, EIG actively engages on climate and GHG emission reduction strategies with the traditional oil and gas companies in our portfolio.

Data collection and monitoring play an integral role in informing EIG's investment decisions and allow EIG to analyze and benchmark ESG performance throughout the life of the investment. In addition to collecting GHG emissions data, we collect information about **physical and transition risks** and associated mitigation measures. These assessments are critical to a fulsome diligence and underwriting process.

**Physical risks:** Examples include wildfires, flooding, droughts, hurricanes, and sea level rise, among others

**Transition risks:** Examples include policy and legal risks, technological and market changes, reputational risks, consumer pressure, and supply chain, among others

> "A huge increase in energy investment is essential to reduce the risks of future price spikes and volatility, and to get on track for net zero emissions by 2050."
>
> - IEA WORLD ENERGY OUTLOOK 2022

### Upcoming Initiatives:

- Development of a framework and policy for how we evaluate the impacts, both positive and negative, of natural gas-related infrastructure
- Construction of an EIG-wide decarbonization strategy and associated net zero commitment
- We are undergoing or considering various pilot studies to evaluate:
  - physical risks of select portfolio companies
  - climate risk scenario analysis for specific portfolio companies
  - net zero roadmap for private debt investments

For additional climate-related analysis, please refer to the TCFD assessment in our **2022 ESG Report**.

## EIG'S PATHWAY TO CLIMATE MITIGATION

### 1 Paris Agreement Alignment

- Investing in companies that enable the energy transition and align EIG with the goals of the Paris Agreement: to limit global warming to less than 2° Celsius beyond pre-industrial levels

### 2 Quantification of GHG Emissions

- Tracking emissions data for EIG and our investments during diligence and annually thereafter
- Encouraging portfolio companies to implement programs that quantify GHG emissions and reductions, assess methane practices, and improve operational performance

### 3 Reporting of GHG Emissions

- Publicly disclosing GHG emissions of our loans and investments per *the PCAF Standard*
- Supporting TCFD and seeking to incorporate TCFD-related objectives in our public reporting to continuously enhance the transparency of information about climate-related risks of our portfolio

### 4 Seeking to Decarbonize

- Evaluating strategic opportunities within portfolio companies including integration of CCUS, hydrogen, and other decarbonization technologies
- Setting fund targets to incentivize emission reductions
- Developing fund strategies focused on energy transition and positive impact investment opportunities

### 5 Tracking Net Zero Alignment

- Using the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework Implementation Guide to evaluate investment opportunities and portfolio companies and encourage progress towards net zero

# Quantification & Reporting of GHG Emissions

EIG is focused on transparency pertaining to the carbon footprint of our operations and investments. We now have three years of GHG emissions data including Scope 2 and 3 GHG emissions. Scope 2 includes purchased electricity for our offices globally and Scope 3 includes Category 6 (emissions from our business air travel) and Category 15 (our investments).

## FINANCED EMISSIONS

Our financed emissions[1] increased in 2022 mainly due to an increased share of investments in the Infrastructure sector, including CCGT power plants. These facilities have high Scope 1 emissions from on-site combustion compared to other portfolio investments, leading to a commensurate increase in financed emissions. Our financed emissions increased by 39 percent between 2020 to 2022. Without CCGT investments, our portfolio financed emissions would have decreased 26 percent in 2022 compared to 2020.

## DATA QUALITY SCORE

*The PCAF Standard* recommends the use of a data quality score for investors to gauge the quality of data used in financed emissions and associated calculations. A score of one indicates higher-quality verified GHG emissions data, while a score of five indicates lower-quality estimates based on financed activity data (such as revenue). We have seen continued year over year improvement in our data quality score resulting from increased reporting of emissions by our portfolio companies, improved data collection, and enhanced emissions estimation methodologies.

## SCOPE 3 EMISSIONS

This is the second year of Scope 3, Category 11 (end-use of product) disclosure for our traditional energy investments in accordance with *the PCAF Standard*. Scope 3 emissions are estimated by EIG using production data and have decreased over the past year commensurate with a reduced number of investments in the sector.

PCAF Partnership for Carbon Accounting Financials

PCAF has become one of the most prominent standards for financial institutions such as banks and investment managers in calculating their share of GHG emissions from investments. More than 400 companies have committed to reporting financed emissions using *the PCAF Standard*[2].

EIG was the first private equity firm to join PCAF in 2020 and we have now collected and reported financed emissions using this methodology for three years. During this period, we have also actively participated in certain PCAF working groups, and our ESG Director is a member of the PCAF Core Team.

## EIG EMISSIONS

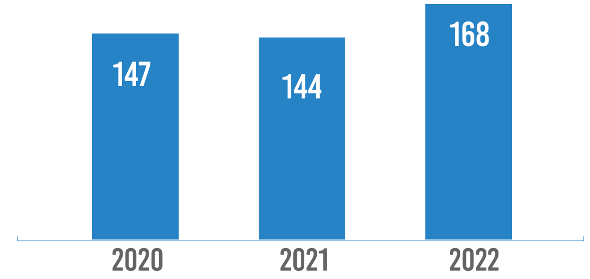
$tCO_2e$

### SCOPE 1 – DIRECT EMISSIONS

*Not Applicable:*

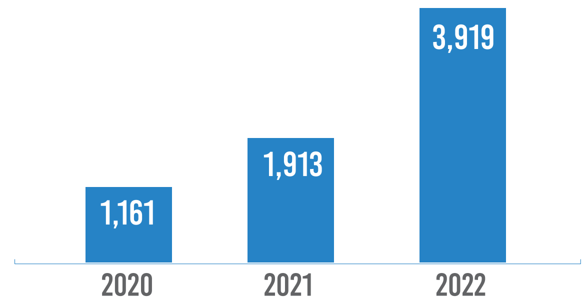
*EIG does not have any Scope 1 emissions as we do not own or operate any vehicles or equipment.*

### SCOPE 2 – PURCHASED ELECTRICITY

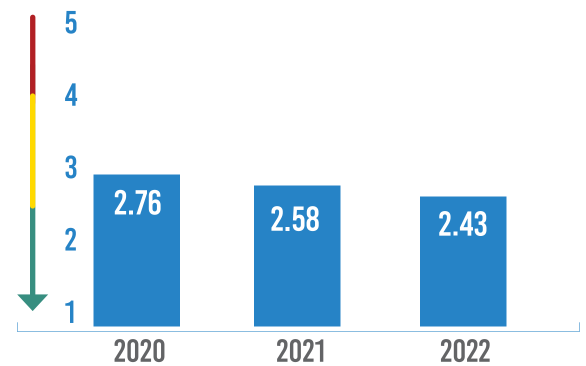



### SCOPE 3 – INDIRECT EMISSIONS

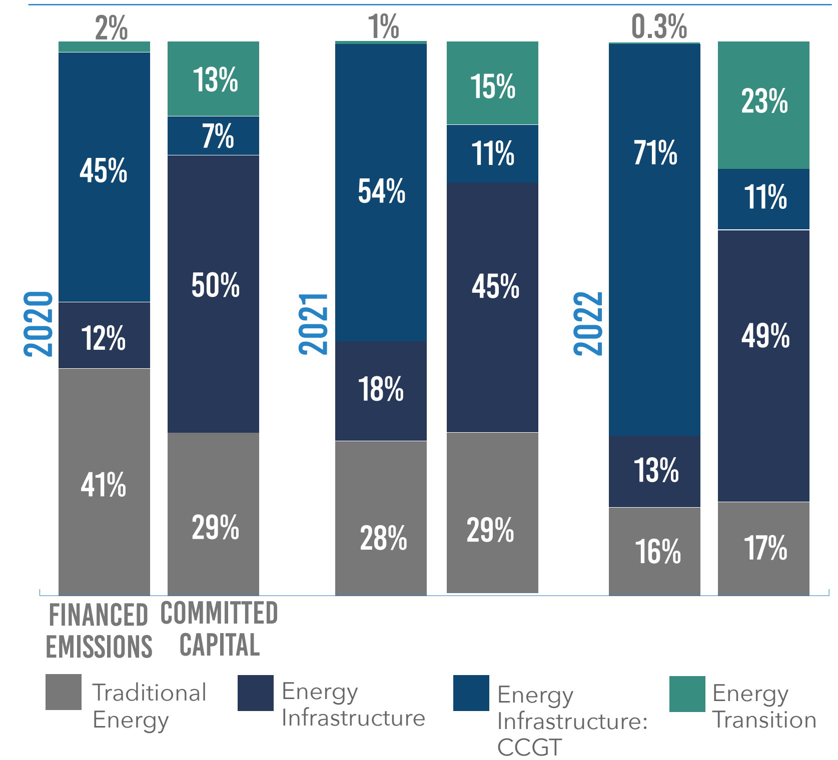
**Category 6 – Business Travel**




**Financed Emissions Data Quality Score**




**Category 15 – Investments (Financed Emissions[1])**




| YEAR | OPERATIONAL EMISSIONS | SCOPE 3 CATEGORY 11 (UPSTREAM SECTOR) | TOTAL FINANCED EMISSIONS | TONNES $CO_2E$ /$M INVESTED |
|---|---|---|---|---|
| 2022 | 19,420,871 | 71,522,614 | 6,067,559 | 534 |
| 2021 | 15,241,920 | 103,974,070 | 5,070,502 | 434 |
| 2020 | 15,799,823 | - | 4,379,157 | 350 |

Source: EIG annual ESG questionnaire. Company data for unrealized investments as of December 31, 2020, 2021 and 2022. Data highlights are based on responding companies in total count or average.
1. Financed Emissions = Scope 1 & 2 *(Outstanding investment /Enterprise Value Including Cash (EVIC))
2. https://carbonaccountingfinancials.com/.

# Seeking to Decarbonize

**Our climate strategy is focused on investing in renewable energy projects and new energy technologies that contribute to the energy transition. Also important is active engagement and partnership with traditional energy and infrastructure portfolio companies. These sectors have higher emissions profiles, and we seek to actively identify and implement emissions reduction opportunities and strategies. These initiatives help inform the design and strategy of new fund offerings and development of climate-related targets.**

## EMISSIONS REDUCTION PARTNERSHIPS

We encourage and support strategic partnerships with advisors, consultants, and vendors with direct expertise in decarbonization technologies, opportunities, and data analytics. When we transact with a company with a higher emissions profile, we typically bring in preferred partners to evaluate emission reduction opportunities and management of climate-related risks.

**Tegre Corporation** is an engineering firm focused on design and retrofit solutions that reduce or eliminate sources of GHG emissions from traditional energy companies. Tegre is a valued EIG partner during due diligence due to its ability to identify cost-effective emission reduction opportunities.

**Highwood Emissions Management** features experts in emissions reduction with deep experience in data, analytics and engineering. Highwood's proprietary software platform enables data gathering and tracking of existing emissions and sources coupled with mitigation opportunities and decarbonization pathways. EIG supported Highwood's 2022 report, *An Overview of Voluntary Emission Reduction Initiatives for the Oil and Gas Industry*.

## METHANE REDUCTION

After carbon dioxide, methane is the second most abundant GHG in the atmosphere. Because methane is 70 times more effective in trapping radiation relative to carbon dioxide (over 20 years), reducing and mitigating methane is critical to decarbonization in both the long and short-term.

We are focused on methane emissions measurement, mitigation and management, and encouraging our portfolio companies to work with leading providers of methane detection and monitoring technology and to think critically about reporting of both measured and estimated methane emissions.

We have worked with several portfolio companies to enhance their focus on methane emissions by:

1. establishing both fund and company-level methane targets;
2. collaborating on emission reduction pilot projects using third-party methane measurement specialists; and
3. encouraging certification for Responsibly Sourced Gas through well-known programs such as Project Canary and MiQ.

## FUND COMMITMENTS & STRATEGIES

**EIG has developed several fund-related ESG commitments to support alignment with the Paris Agreement and contribute to energy transition. These commitments vary in strategy and methodology, offering optionality to investors. Many of our investors are active participants in designing these strategies, setting expectations, and offering valuable perspectives.**

### SOME EXAMPLES OF FUND-LEVEL ESG TARGETS IN EXISTING FUNDS:

- Carbon intensity target tied to performance fees
- Sector allocation target for zero and low carbon investments
- Transition Pathways Initiative (TPI) benchmark targets
- Portfolio net zero alignment target
- Methane emission reduction targets

### FUTURE AMBITIONS:

- SFDR 'Sustainable Investment' target
- E.U. Taxonomy alignment commitment

# Seeking to Decarbonize

## TPI DECARBONIZATION PATHWAYS

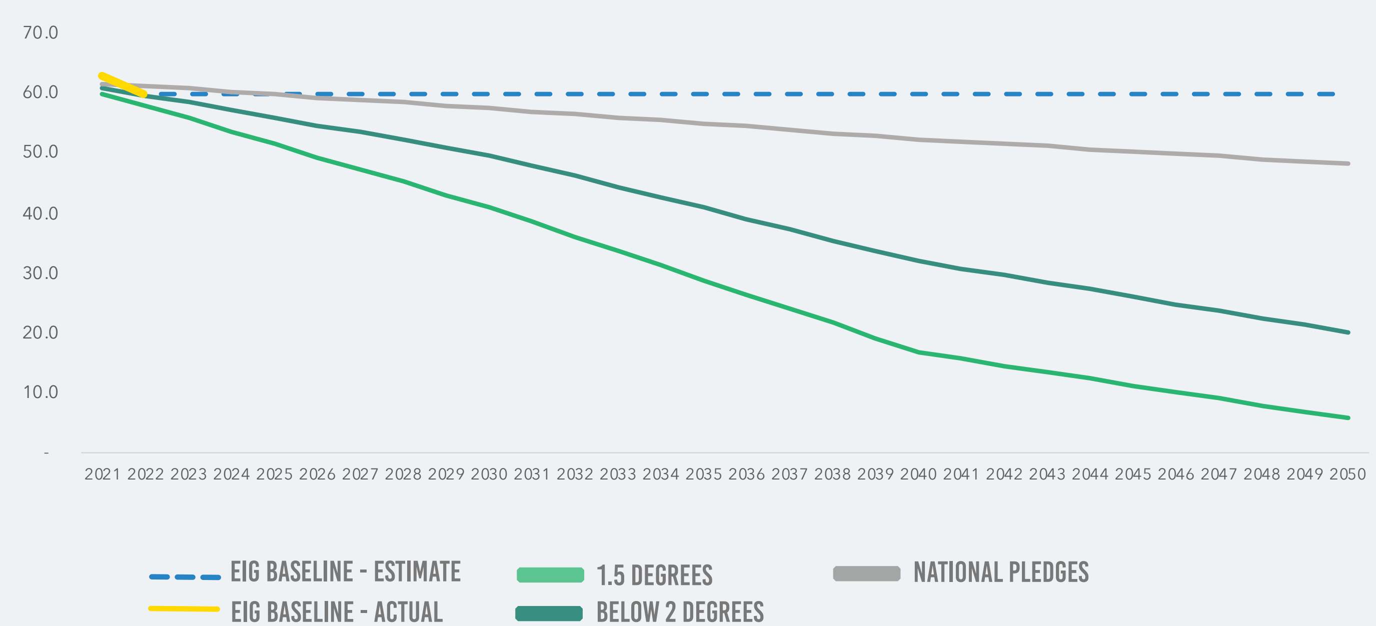
This is the second year that we present EIG progress against sector-specific decarbonization pathways for the power and oil and gas sectors. These emissions trajectories are prepared by the Transition Pathway Initiative (TPI), a global initiative started in 2017 by a group of asset owners to better understand decarbonization pathways for the most carbon-intensive sectors. The different open-source pathways are derived from scenarios developed by the International Energy Agency (IEA). The TPI approach allocates an absolute, economy-wide carbon budget into sectoral carbon budgets, reflecting the challenges presented by each. Within the energy cluster, carbon intensity performance is included for two sectors: Oil & Gas and Electricity Utilities. These pathways have been created as an informative analysis against which to assess credibility of potential decarbonization strategies.

### OIL & GAS

Scope 1, 2 and 3 (Category 11 – end use of product)[1]

For each EIG portfolio company in the oil and gas sector, we evaluate total oil and gas production and Scope 1, 2 and 3 (Category 11) emissions to generate an intensity for comparison to the TPI benchmark. The EIG oil and gas portfolio is currently below the 2°C scenario and needs to reduce carbon intensity by 32 and 52 percent to remain aligned with a 2°C and 1.5°C scenario in 2035, respectively.

$CO_2E/MJ$

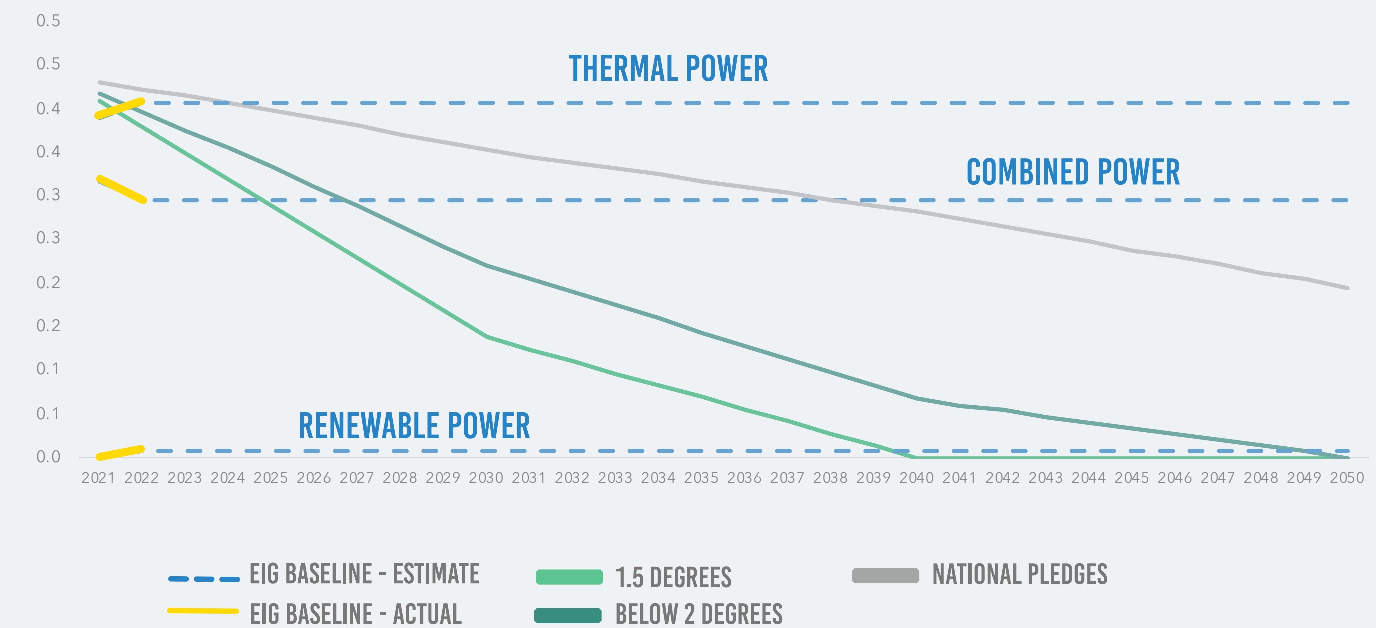



### ELECTRICITY UTILITIES

Scope 1 from owned electricity generation

For each EIG portfolio company in the electric utilities sector, including both thermal and renewable power, we evaluate total power generated and Scope 1 emissions to generate an intensity for comparison to the TPI benchmark. Because renewable power generation represents 28 percent of total generation in EIG's portfolio, the overall sector carbon intensity is currently lower than the 1.5°C TPI sector benchmark. If the sector carbon intensity stays static, it remains under the 1.5°C and 2°C benchmarks until 2025 and 2027, respectively. To remain aligned with the 1.5°C and 2°C TPI benchmarks in 2035, sector carbon intensity must be reduced by 52 percent and 77 percent, respectively.

$CO_2E/MWH$




1. Scope 3, Category 11 is estimated by EIG using production data and EPA emissions factors.

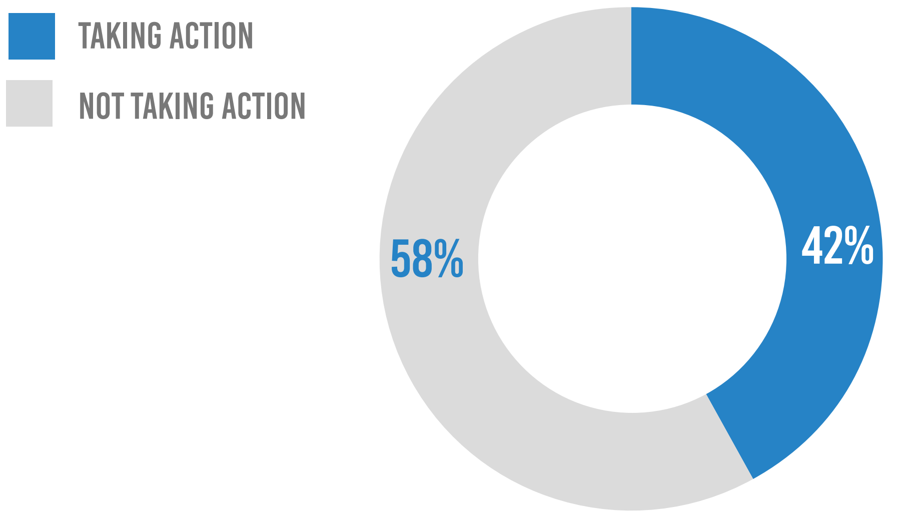
# Tracking Net Zero Alignment

Net Zero is the equilibrium point at which emissions of GHGs are balanced by an equal amount of gases that have been mitigated or sequestered, resulting in no new GHG emissions to the atmosphere. The Paris Agreement seeks to keep global temperature rise well below 2°C above pre-industrial levels, with efforts to limit it even further to 1.5°C. To achieve global net zero emissions by 2050, global temperature increases must be limited to 1.5°C beyond pre-industrial levels.

EIG has been tracking portfolio company net zero 2050 alignment inspired by the IIGCC framework since 2021. As an asset manager that may be impacted by climate transition risks, net zero ambitions and associated progress by our portfolio companies are important to understand. This information is helpful as we consider EIG's strategy around decarbonization, interactions with our investors, and topics to engage on with portfolio companies.

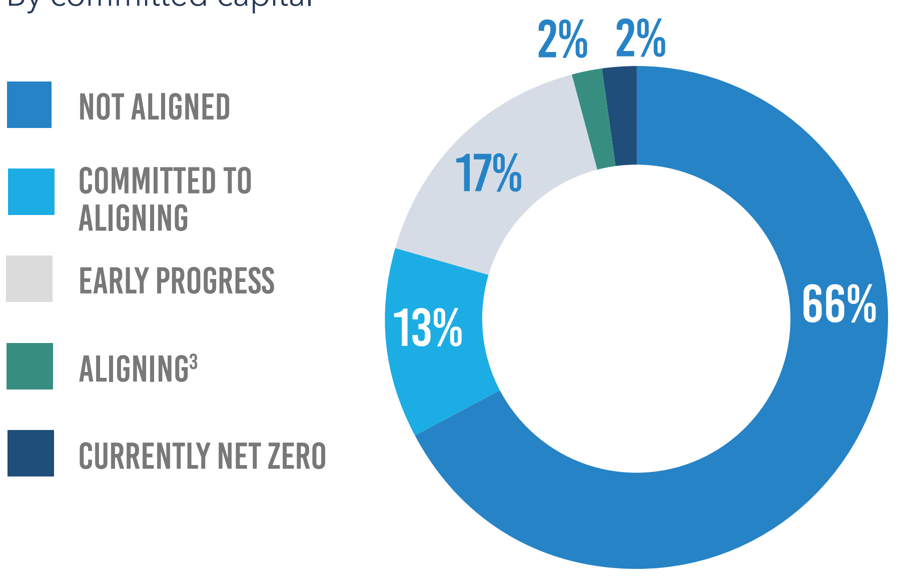
## COMPANIES TAKING ACTION ON CLIMATE CHANGE[1]

By financed emissions



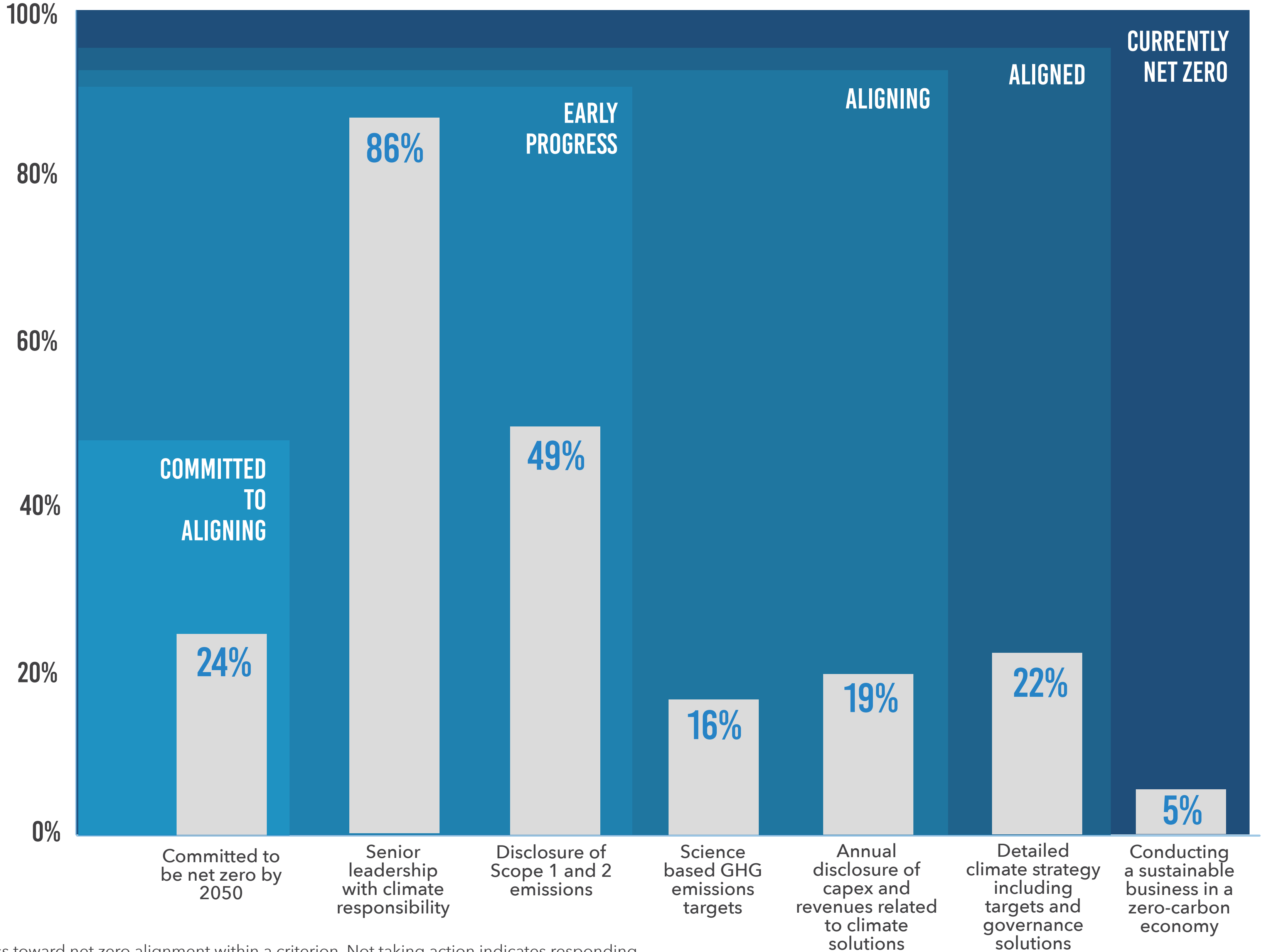

## PORTFOLIO NET ZERO MATURITY

By committed capital




## COMPANIES MEETING NET ZERO ALIGNMENT CRITERIA[2]

Percentage of total portfolio companies




1. Taking action indicates that responding companies have answered yes to one of the questions pertaining to progress toward net zero alignment within a criterion. Not taking action indicates responding companies fall under the no net zero commitment or pathway.
2. Chart is looking at each criteria individually. Data has been averaged by total number of 2022 ESG questionnaire responding companies. If no response was provided in the annual ESG questionnaire for a specific question, a 'No' was assumed.
3. None of our portfolio companies currently meet the criteria for net zero aligned.

# EIG Reference Table

**EIG has been a supporter of TCFD since 2022 and published initial disclosures in accordance with TCFD key reporting pillars in our 2022 ESG Report. Much of these disclosures have remained current, therefore we have provided this reference table to applicable sections of the recommended disclosures referencing both the 2022 and 2023 reports.**

| KEY TCFD REPORTING PILLAR | RECOMMENDED DISCLOSURES | REFERENCE |
|---|---|---|
| **GOVERNANCE** *Disclose the board's oversight of climate-related risks and opportunities.* | Board oversight of climate-related risks and opportunities | Please refer to pp. 31 and pp. 12-13 in our 2022 ESG Report. |
| | Management's role in assessing and managing climate-related risks and opportunities | Please refer to pp. 31 and pp. 12-13 in our 2022 ESG Report. |
| **STRATEGY** *Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.* | Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | Please refer to pp. 33 in our 2022 ESG Report. |
| | Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning | Climate-related strategy including risks and opportunities are discussed in the Climate section on pp. 10-15 and on pp. 31-34 in our 2022 ESG Report. |
| | Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | Climate-related strategy including risks and opportunities are discussed in the Climate section on pp. 10-15 and on pp. 31-34 in our 2022 ESG Report. |
| **RISK MANAGEMENT** *Disclose how the organization identifies, assesses, and manages climate-related risks.* | Describe the organization's processes for identifying and assessing climate-related risks. | Please refer to the Climate section on pp. 10-15 and the ESG Integration section on pp. 17-24 for information on how we evaluate ESG and climate risks. |
| | Describe the organization's processes for managing climate-related risks. | Please refer to the Climate section on pp. 10-15 and the ESG Integration section on pp. 17-24 for information on how we evaluate ESG and climate risks. |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | Please refer to the Climate section on pp. 10-15 and the ESG Integration section on pp. 17-24 for information on how we evaluate ESG and climate risks. |
| **METRICS AND TARGETS** *Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.* | Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | Please refer to the Data and Metrics section on pp. 25-29 for maturity scales and KPI performance. |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | Please refer to pp. 26 and to the Data and Metrics section on pp. 25-29 for maturity scales and KPI performance. |
| | Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | Please refer to pp. 13 for fund targets. Performance against fund targets is disclosed to respective fund investors. |

Note: Following a request made in July 2023 by the Financial Stability Board (FSB) to the IFRS Foundation, from 2024 onwards it is anticipated that responsibility for monitoring the progress on companies' climate-related disclosures will be transferred from the TCFD to the IFRS Foundation. It is further expected that climate-related disclosures on financial risks will be translated into the form of disclosure standard published by the International Sustainability Standards Board (ISSB) in June 2023, subject to endorsement and adoption of this standard at a country-specific level and any jurisdiction-specific amendments thereto.

# ESG INTEGRATION

# Q&A with Randall Wade, EIG President

## Q: WHAT ESG CHALLENGES HAVE YOUR PORTFOLIO COMPANIES FACED OVER THE PAST YEAR?

In 2022, for the first time in EIG history, a fatality occurred at an EIG-controlled portfolio company. This tragic event occurred shortly after an incident at another EIG-controlled portfolio company resulting in injury to four sub-contractors. These events were deeply upsetting for our affected portfolio companies as well as EIG, where we consider safety of portfolio company employees, contractors and communities paramount in operations, and caused us to consider how we evaluate operational and process safety at our investments.

We have taken several actions to immediately reevaluate health and safety programs and operational oversight across our portfolio, and we continue to learn from these events to develop improved oversight of our control equity companies. We have conducted an independent assessment of health and safety culture and behavior across two of our EIG-controlled companies thus far this year, and will have complete assessments of every EIG control equity company by the end of Q1 2024. The findings of these assessments are informing Board and leadership discussions on instilling robust health and safety culture. They also provide valuable feedback to our investment and ESG teams on how to improve engagement on and understanding of health and safety related risks and mitigants.

Furthermore, I have also convened a Task Force consisting of several senior leaders across the firm. This Task Force is focused on identifying various avenues of improvement with regard to Board representation, knowledge of ESG-related risks and considering proactive workstreams to bolster diligence procedures and performance management of ESG risks that could affect investment performance. The scope of this Task Force continues to expand and will inform several new policies and procedures for our Board members, investment teams, and how we engage with and influence portfolio companies.

## Q: WHAT ARE THE TOP QUESTIONS YOU GET FROM INVESTOR DISCUSSIONS ON ESG?

We are fortunate to represent clients across the globe that come to us with a variety of perspectives, commitments, and expectations. Our investors have a consistent focus on the risk and return of our investments and their expectations and approach to ESG-related considerations can be quite different. This difference has become more stark in the last year, particularly comparing the U.S. and Europe.

In the U.S., the emphasis on ESG has decreased and investors are primarily concerned with returns and confirmation that we are not sacrificing those returns in order to achieve a policy objective. We are not. In Europe, investors want to achieve attractive returns but do not view that as a license to make investments with questionable ESG metrics. We agree. Our approach has always reflected energy transition as an enormous investment opportunity that can generate attractive returns. We also believe that capturing this opportunity requires a sophisticated and quantitative analytical assessment of ESG factors and a commitment to align with the Paris Agreement and support true transition.

Fortunately, EIG has a broad investment platform and expertise in the market that allows us to satisfy the desires of both groups while retaining a cohesive and integrated platform. Our investment strategy combined with our more customized fund design provides the framework for how EIG is pursuing the opportunities and challenges presented by energy transition.

## Q: HOW ARE ESG REGULATIONS IMPACTING FUND OFFERINGS AND INVESTOR PERSPECTIVES?

Considerable global activity pertaining to regulation of ESG and related financial products and markets has increased over the past year. As of the release of this report, the regulation with the most impact to EIG is the E.U. Sustainable Finance Disclosure Regulation (SFDR), a disclosure regime focused on improving transparency to investors around ESG-related commitments and practices. There is no common language with ESG, and we have frankly welcomed a regulatory framework that will help to define key terms within the ESG landscape and improve comparability among products in the market that have ESG-related claims.

However, improving the boundaries around ESG-related products requires more work for managers, and there has been a learning curve associated with understanding regulatory requirements and ensuring the use of best practices. Readiness has involved multidisciplinary efforts across EIG, including our ESG, Accounting, Compliance, Legal, Capital Development, Investor Relations and Investment teams. As we have developed necessary disclosures and reporting templates, we have been surprised by how the investor community has coalesced around these regulations, using them to develop investment and allocation strategies with improved understanding and asks regarding how we and other asset managers define ESG and integrate it into our business. Heading into 2024 we expect further momentum around these regulations.

**RANDALL S. WADE**
EIG President

# ESG Risk Management

EIG believes it is important to fully understand the ESG and climate-related risks facing each potential investment and portfolio company in order to maximize value to our investors. ESG integration across our portfolio is underpinned by constructive risk and opportunity-based diligence, a detailed ESG review and approval process by the ESG Committee, and active engagement during the life of each investment. We have included a series of investment examples on subsequent pages to highlight each of these steps.

## PRE-INVESTMENT:
THOROUGH ANALYSIS, REVIEW & APPROVAL

### 1 SOURCING & SCREENING

- LP exclusions list assessment
- Red flags assessment
- Emissions data request for initial carbon analytics
- Controls and processes review
- ESG research and benchmarking

### 2 DUE DILIGENCE

- Management meetings and potential site visits
- ESG data collection
- ESG KPIs and maturity scale
- Third-party review
- ESG-related covenants or terms

## POST-INVESTMENT:
ACTIVE OWNERSHIP, ENGAGEMENT & REALIZATION

### 3 ENGAGEMENT

- Board participation
- Periodic check-ins
- Strategic emission reduction partnerships
- Partnerships and collaborations with industry groups and peers

### 4 MONITORING

- Annual ESG questionnaire
- Data analysis
- ESG maturity scoring
- Portfolio company memo
- Monitoring of material events

### 5 EXIT OR REINVESTMENT

- Terminal value
- Reinvestment opportunities
- Assurance of best practices
- Resilience in a low-carbon economy
- Exit universe

Note: Not all activities are applicable to every investment.

SOURCING & SCREENING → DUE DILIGENCE → ENGAGEMENT → MONITORING → EXIT OR REINVESTMENT

| Energy Transition | Nature-based CCS | bluesource |
|---|---|---|
| EIG SECTOR | SECTOR | EIG COMPANY |

## COMPANY OVERVIEW

**Bluesource Sustainable Forest Company** is the 7th largest private owner of U.S. timberland[1] with the primary purpose of generating marketable carbon credits and committing to maintain and grow forestry stocking levels.

- Majority of investment proceeds used to acquire 1.65 million acres of commercially viable timberlands across the U.S.
- Forest carbon projects are a leading solution for removing atmospheric carbon and preventing $CO_2$e emissions that would otherwise occur
- Forestry-generated carbon credits and markets are explicitly supported in Articles 5 and 6 of the Paris Agreement
- Common equity in Bluesource Sustainable Forest Company is owned by Anew, a leading developer and marketer of forestry carbon sequestration projects

## SOURCING & SCREENING HIGHLIGHTS

EIG's investment in Bluesource Sustainable Forest Company is our first in a carbon sequestration project. Due to the unique nature of this investment to EIG, multiple diligence workstreams were undertaken to ensure a robust understanding of potential risk.

We worked with two different advisors to evaluate the voluntary carbon registries as well as the regulatory framework around carbon credits and markets. We also retained a separate advisor to evaluate the avoided emissions accounting associated with the potential investment and the validity of the credits generated. Finally, we worked with a fourth advisor on carbon market dynamics, pricing, and regulatory risks.

## STEPS TAKEN DURING SOURCING & SCREENING

**LP EXCLUSIONS LIST ASSESSMENT:**
No prohibited activities, but because opportunity represented a new sector to EIG, additional diligence workstreams undertaken

**RED FLAGS ASSESSMENT:**
Negative press or focus from NGOs related to emissions or environmental liabilities, triggering additional diligence

**EMISSIONS DATA REQUEST FOR INITIAL CARBON ANALYTICS:**
Because low operational and financed emissions, shift focus to avoided carbon accounting and crediting protocols

**CONTROLS & PROCESSES REVIEW:**
Ensured adequate processes germane to collection, monitoring and review of GHG emissions

Carbon credits sold represent sequestration of[2]

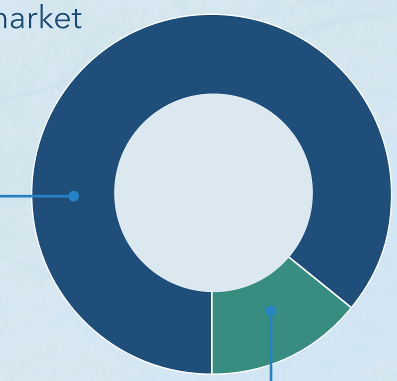
**5.3M $mtCO_2e$**

=

**~1,200,000**

gasoline-powered passenger vehicles driven for one year[3]

**86%**
credits sold into California's cap-and-trade market



**14%**
credits sold into voluntary carbon market

*Note: For the period 3Q22-2Q23.*

1. Source: Data provided by company.
2. Source: Data provided by company.
3. Source: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

SOURCING & SCREENING → DUE DILIGENCE → ENGAGEMENT → MONITORING → EXIT OR REINVESTMENT

| Energy Transition | Solar PV | Nordic Solar |
|---|---|---|
| EIG SECTOR | SECTOR | EIG COMPANY |

## COMPANY OVERVIEW

**Nordic Solar** is a Danish utility-scale solar PV platform with 391 MW operational and a 1.9 GW pipeline of projects across Europe.

- Operates as a single integrated platform, covering the full value chain from acquisition of project rights through to operation of projects
- EIG's funding will support Nordic Solar's growth, primarily by providing construction equity to build-out pipeline projects and also by funding additional project rights acquisitions
- The company is well-positioned to take advantage of European regulatory tailwinds that support the growth of renewable generation capacity to enable energy transition

## STEPS TAKEN DURING DUE DILIGENCE

**MANAGEMENT MEETINGS & SITE VISITS:**
Multiple discussions with management team to understand governance and oversight of ESG risk

**ESG DATA COLLECTION:**
Robust completion of proprietary ESG questionnaire

**ESG KPIs AND MATURITY SCALE:**
Evaluated against existing renewable sector portfolio companies and found relatively sophisticated with established policies, data, and targets

**THIRD PARTY REVIEW:**
Worked with two advisors: one to complete standard ESG diligence; another to assess gaps against E.U. SFDR and Taxonomy regulations

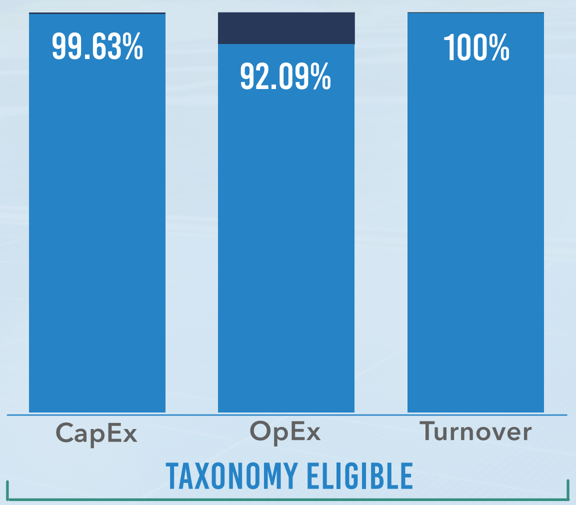
**ESG-RELATED COVENANTS OR TERMS:**
Identified E.U. SFDR and Taxonomy gaps; therefore implemented specific contractual requirements to ensure development plan to address nascent programs and data post-closing

## DUE DILIGENCE HIGHLIGHTS

Due to Nordic Solar's focus on developing and operating renewable energy projects and its relative sophistication in ESG, we recognized that this investment could meet the criteria for a "sustainable investment" designation under the E.U. regulatory framework.

We therefore incorporated into our ESG diligence a gap assessment against E.U. SFDR and Taxonomy requirements to evaluate the investment's eligibility for inclusion in an Article 9 fund. This diligence produced a roadmap for both Nordic Solar's action plan to address gaps and for EIG's requirements and engagement monitoring plan. This process was value additive to both EIG and Nordic Solar helping each other to better understand future reporting and disclosure needs under the E.U. regulatory regime.

## E.U. TAXONOMY ALIGNMENT




To calculate Nordic Solar's potential share of E.U. Taxonomy-aligned activities, we screened two selected projects against the regulation defined technical screening criteria and financial KPIs (CapEx, OpEx, turnover).

The projects are highly eligible under the E.U. Taxonomy technical screening criteria but are not currently aligned due to gaps against the Do No Significant Harm (DNSH) criteria and Minimum Safeguards requirements. EIG is working in partnership with Nordic Solar to develop an action plan to address these gaps for E.U. Taxonomy alignment.

1. Source: Ramboll internal analysis, August 2022.

SOURCING & SCREENING → DUE DILIGENCE → **ENGAGEMENT** → MONITORING → EXIT OR REINVESTMENT

| Traditional Energy | Upstream Oil & Gas | Breakwater Energy |
|---|---|---|
| EIG SECTOR | SECTOR | EIG COMPANY |

## COMPANY OVERVIEW

Earlier this year, EIG acquired a 25 percent stake in **Repsol Upstream**, a newly-formed global exploration and production company.

- Transaction delivered capital to Repsol to increase its investment in energy transition, specifically renewable power generation, renewable fuels, and circular products
- Business is committed to leadership in reducing GHG emissions, initially adopting Repsol's existing targets, including a 75 percent reduction of carbon intensity by 2025 from a 2020 baseline
- Investment includes Repsol's geological low-carbon solutions business targeting CCS, geothermal, and hydrogen storage projects

## ENGAGEMENT HIGHLIGHTS

During diligence, EIG identified the need for the new entity to develop a decarbonization strategy specific to the upstream business that is consistent with the goals of the Paris Agreement.

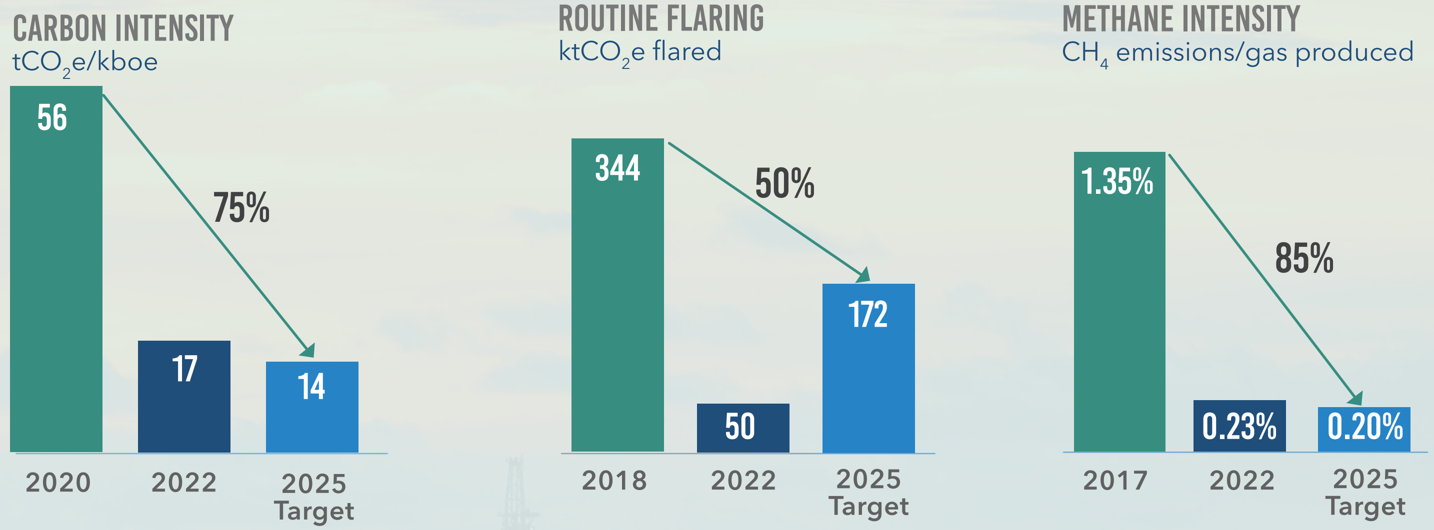
Discussions between EIG and Repsol resulted in the appointment of an EIG-designated **ESG Director, Kamal Govender,** within the Repsol Upstream organization. Kamal is focused on ensuring best practices to manage ESG risk, evaluation of decarbonization pathways, and development of a strategy for the upstream business that is resilient in a low-carbon economy. We have regularly scheduled meetings with Kamal to evaluate progress.

**Kamal Govender**
Director
ESG Upstream, Repsol

## STEPS TAKEN DURING ENGAGEMENT

- **BOARD PARTICIPATION:** EIG holds two seats on the Repsol Upstream Board of Directors
- **PERIODIC CHECK-INS:** Established meetings every six weeks to review progress
- **STRATEGIC EMISSION REDUCTION PARTNERSHIPS:** Working to share best practices and advisors to establish robust decarbonization pathways and analysis
- **PARTNERSHIPS & COLLABORATIONS WITH INDUSTRY GROUPS & PEERS:** Commitment to leading organizations, frameworks, and engagement with peers developing decarbonization strategies for the traditional energy sector

## CURRENT UPSTREAM CLIMATE TARGETS[1]




*We are engaging with Repsol to evaluate progress against these targets and develop new science-based commitments.*

1. Data provided by Repsol.

SOURCING & SCREENING → DUE DILIGENCE → ENGAGEMENT → MONITORING → EXIT OR REINVESTMENT

| Energy Infrastructure | CCGT & Battery | WEST BURTON ENERGY |
|---|---|---|
| EIG SECTOR | SECTOR | EIG COMPANY |

## COMPANY OVERVIEW

**West Burton** is an independent power producer in the UK operating a 1,332 MW combined cycle gas turbine (CCGT) power station and a 49 MW battery.[1]

- The West Burton complex provides on-demand energy, powering 1.5 million homes
- EIG capital funds company growth and expansion into further low-carbon assets and battery storage
- EIG supports West Burton's pursuit of additional energy transition-focused initiatives, including hydrogen blending to reduce carbon intensity

## MONITORING HIGHLIGHTS

The EIG team is continually engaging with the West Burton leadership team to partner in sustained growth and value creation. EIG collaborates with West Burton on operational best practices and decarbonization opportunities in several ways, including two Board seats, regular site visits, monthly calls with management, meetings with EIG's ESG team and workshops on data and benchmarking.

## STEPS TAKEN DURING MONITORING

**ANNUAL ESG QUESTIONNAIRE:**
West Burton has comprehensively completed our request for the two years since initial investment

**DATA ANALYTICS:**
Review and analysis of annual ESG data compares KPIs to sector and fund benchmarks and peers, thereby informing risks, opportunities, and topics for engagement

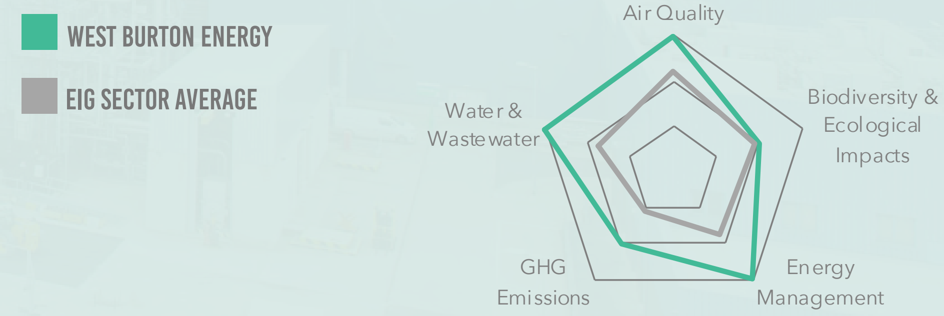
**ESG MATURITY SCORING:**
Internal scoring methodology to assess relative performance and sophistication of ESG management against peers in three key areas: Policies & Processes, Data Availability, and Targets & Goals

**PORTFOLIO COMPANY MEMO:**
Work-up of blinded ESG analytics across sector for delivery to company – engagement sessions with companies are used to provide unblinded company assessments, highlight risk factors, and discuss areas for improvement

**MONITORING OF MATERIAL EVENTS:**
Transaction documents require prompt notice of any material environmental or social event, followed by reporting of associated root cause analysis and mitigation measures – West Burton has had no material events during our investment period

## SOCIAL PROGRAM MATURITY[2]


## ENVIRONMENTAL PROGRAM MATURITY[2]




1. Data provided by company.
2. EIG analysis.

SOURCING & SCREENING → DUE DILIGENCE → ENGAGEMENT → MONITORING → EXIT OR REINVESTMENT

## EXIT STRATEGIES

Currently in our third year of data collection, we are considering the ways we use ESG performance data to influence and manage our portfolio companies. Investment exit is a critical time to maximize realized value, which may occur via several avenues, including pay-down at maturity, sale of our investment, IPO or reinvestment, among others. ESG performance may positively influence a favorable exit.

To date, we have worked with many counterparties on sale-focused exit strategies where ESG has been an area of diligence. Similar to our own transaction diligence, it is common to field diligence requests from buyers for:

- ESG performance data
- Third party diligence reports
- EIG's ESG monitoring and engagement practices

## PORTFOLIO EXITS IN 2023 YTD

**Equity Realizations:**

- ib vogt: July 2023
- BTB Pipeline: July 2023
- New Covert: May 2023

**Note Repayments**

- Outrigger: June 2023
- Hamilton: April 2023
- Peak Exploration: Jan 2023
- SNC Lavalin: Jan 2023

## CONSIDERATIONS DURING EXIT

### TERMINAL VALUE:
For energy intensive assets, terminal value may be challenging to evaluate, particularly for traditional energy-exposed businesses that may be impacted by a low-carbon economy and associated policy and regulatory drivers

### REINVESTMENT OPPORTUNITIES:
Negotiations can present an opportunity to require or incentivize improved ESG performance, risk management, or evaluation of new businesses

### ASSURANCE OF BEST PRACTICES:
Review and analysis of ESG risk factors and implementation of leading practices

### RESILIENCE IN A LOW-CARBON ECONOMY:
Understanding of how the investment sits within the energy universe and its contribution toward energy transition

### EXIT UNIVERSE:
Marketability of an investment and understanding of potential buyer commitments and priorities

**In a recent reinvestment, we negotiated several improvements to the company's ESG management, specifically relating to climate risk mitigation, including:**

- Quarterly discussions pertaining to:
  - GHG emission reduction activities
  - Opportunities and progress on target-setting
- At least one Board member responsible for assessing climate-related risks and opportunities
- Within one year, development of Scope 1 and 2 science-based targets

## NET ZERO ALIGNMENT

PRE-REINVESTMENT → POST-REINVESTMENT

NO PROGRESS | EARLY PROGRESS | COMMITTED TO ALIGNING | ALIGNING | ALIGNED | CURRENTLY NET ZERO

# ESG DATA & METRICS

# ESG Data & Metrics

**We utilize data and metrics to inform every aspect of our ESG program. During investment diligence and annually thereafter, we request from our portfolio companies more than 300 sector-specific questions related to ESG factors. This data collection applies to all EIG-originated investments, regardless of capital type.**

Overall, we continue to see positive trends across our portfolio, reflecting improved data quantity and quality year over year. However, given the increased urgency and focus in many jurisdictions on climate action, EIG made the decision to update its scoring methodology earlier this year. The new paradigm is more stringent on companies, specifically pertaining to providing evidence of certain ESG policies. For instance, if a portfolio company confirms an ESG policy is in place but declines to provide their specific policy to EIG for analysis, EIG no longer positively rates that response. As a result, it might appear that portfolio company performance has declined this year. Ultimately, the reductions reported in some areas reflect EIG's commitment to holding portfolio companies to more exacting standards.

## ESG PORTFOLIO MATURITY

Please note that this data is provided for EIG's entire portfolio of investments, and reflects capital deployed into different sectors and at different attachment points. As a result, it may be challenging to identify any major trends or observations. ESG data reflecting EIG's entire portfolio can be affected by the investments held at any point in time and may be impacted by a higher number of new investments or realizations.

With this understanding, EIG places more emphasis on methodical analysis at the sector, fund, and investment levels. When any negative trends or risk factors are identified, we seek to engage with the portfolio company to clarify the data, our understanding of the risk, and steps the company is taking to improve performance.

### ENVIRONMENTAL

Air quality
Biodiversity and ecological impacts
Energy management
GHG emissions
Water and wastewater

### SOCIAL

Employee engagement
DEI
Human rights and community
Labor practices
Workforce health and safety

### GOVERNANCE

Business ethics
Business model resiliency
Critical incident risk management
Management of legal and regulatory

### ESG DATA COLLECTION

### ESG MATURITY

*We assess:*
Policies & programs
Data availability & completeness
Goals & targets

### ESG PERFORMANCE METRICS

20+ specific KPIs
In-depth carbon analysis
KPIs closely monitored against peer, sector, and portfolio benchmarks

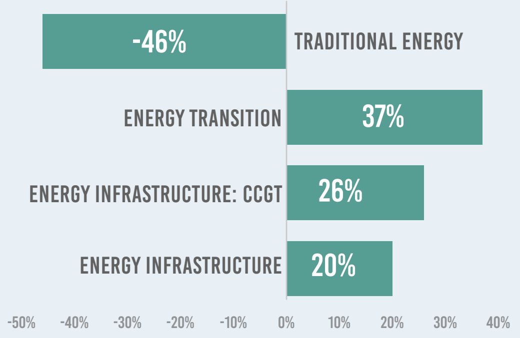
Source: EIG annual ESG questionnaire. Company data as of December 31, 2022. Internal EIG analysis.

# ESG Data & Metrics - Environmental

## ENVIRONMENTAL DATA INSIGHTS

- We consider a variety of environmental risks presented by portfolio companies
- Overall operational emissions increased across the portfolio in 2022 compared to 2021, due to an increase in infrastructure investments, most notably natural gas CCGT plants
- While we've had a significant decrease in upstream oil and gas investment from 2021 to 2022, we have increased capital invested into natural gas infrastructure by more than 50 percent and renewable energy by 37 percent across the same time period
- Overall, our portfolio companies' approach to environmental risk management has stayed relatively consistent year over year

### AMOUNT INVESTED: 2021-2022 % CHANGE




## PORTFOLIO COMPANY ECOLOGICAL IMPACTS

The relevance and disclosure of nature-based risks are increasingly of interest to the investor community and bolstered by the recent launch of the Taskforce on Nature-Related Financial Disclosures (TNFD) framework. We will continue to collect ecosystem-specific environmental data for evaluation and reporting in order to understand how these issues impact financial risk or opportunity.

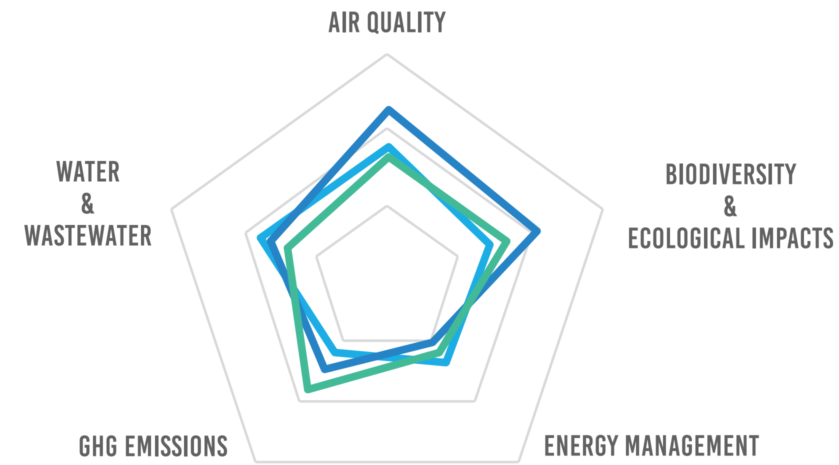
**32%** of portfolio company operations are located in or near biodiversity-sensitive areas → **8%** of those portfolio company operations have a negative impact

| KEY PERFORMANCE INDICATORS - ENVIRONMENTAL | | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| GHG EMISSIONS | Scope 1 (Tonnes $CO_2$e) | 15,367,510 | 14,307,949 | 18,309,181 |
| | Scope 2 (Tonnes $CO_2$e) | 432,313 | 933,971 | 1,111,689 |
| | Scope 3[1] (Tonnes $CO_2$e) | - | 103,974,070 | 71,522,614 |
| | Investment Carbon Intensity (Tonnes $CO_2$e/$MM) | 350 | 434 | 534 |
| | Percent of portfolio with emission reduction targets | 44.0% | 46.0% | 36.8% |
| METHANE | Average methane leak/loss rate[2] | 0.30% | 0.48% | 0.23% |
| | Average percentage of produced gas flared[3] | 3.30% | 0.90% | 2.8% |
| BIODIVERSITY | Average number of annual hydrocarbon spills[3] | 13 | 7 | 9 |
| | Average volume of hydrocarbon spills[3] (bbl) | 384 | 102 | 222 |

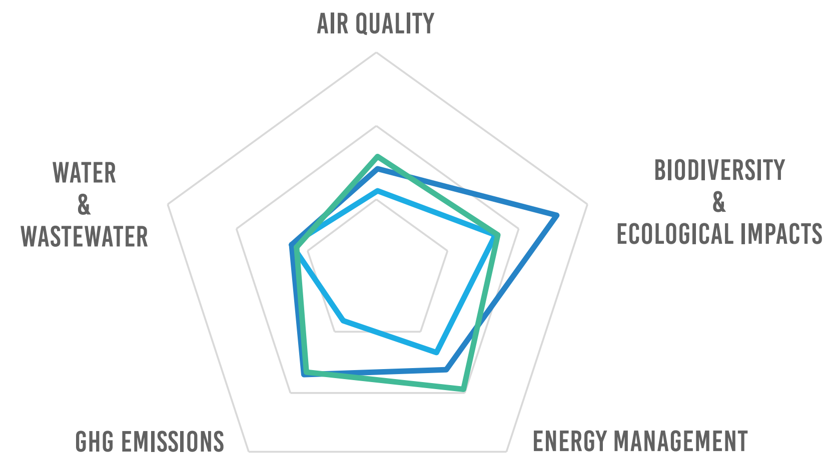
Source: EIG annual ESG questionnaire. Company data as of December 31, 2022. Internal EIG analysis.
1. Only included Scope 3 Category 11 (Use of Sold Products) emissions for the Traditional Energy sector; EIG started accounting for Scope 3 in 2021.
2. Only includes Traditional Energy sector.
3. Only includes Traditional Energy and Infrastructure sectors.

2020 2021 2022

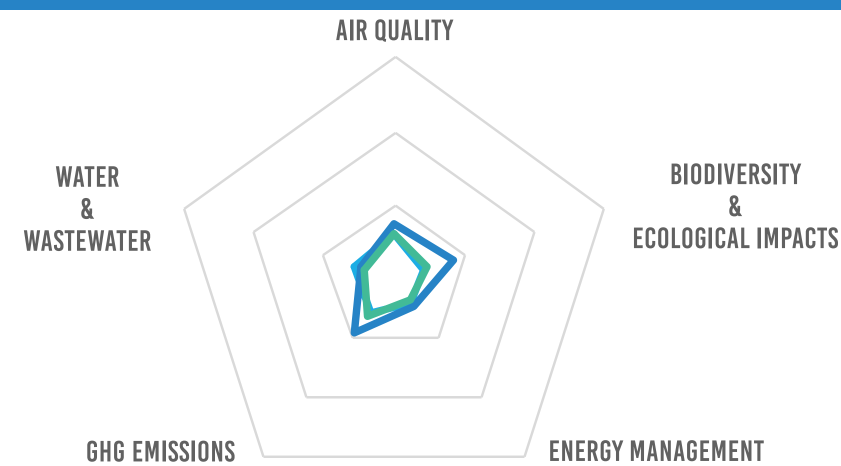
## POLICIES & PROGRAMS




## DATA AVAILABILITY




## GOALS & TARGETS




Note: A larger surface/radar represent a higher ESG maturity score for each factor.

# ESG Data & Metrics - Social

## SOCIAL DATA INSIGHTS

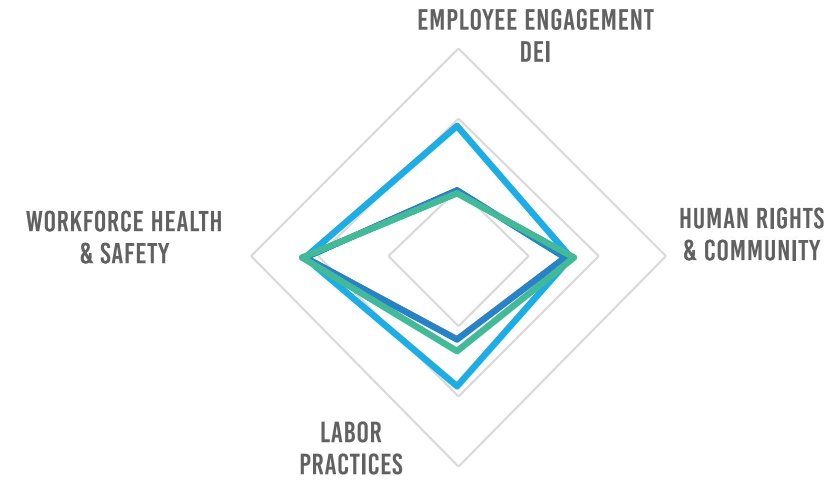
Protection for and respect of both the portfolio company workforce and the broader community in which it operates is critical to the success of an investment. We track a variety of metrics used to evaluate employee culture, satisfaction and development. We also consider how an organization engages with its external stakeholders, creates license to operate, and mitigates negative impacts stemming from mismanagement of social risks.

- One of EIG's portfolio companies experienced a contractor fatality in 2022; EIG continues to work with that company to evaluate causes and implement improvements
- Portfolio companies continue to increase representation of women within leadership and the labor force
- Portfolio companies are actively hiring with minimal turnover
- Overall maturity of our portfolio companies' approach to social risk management has stayed relatively consistent year over year

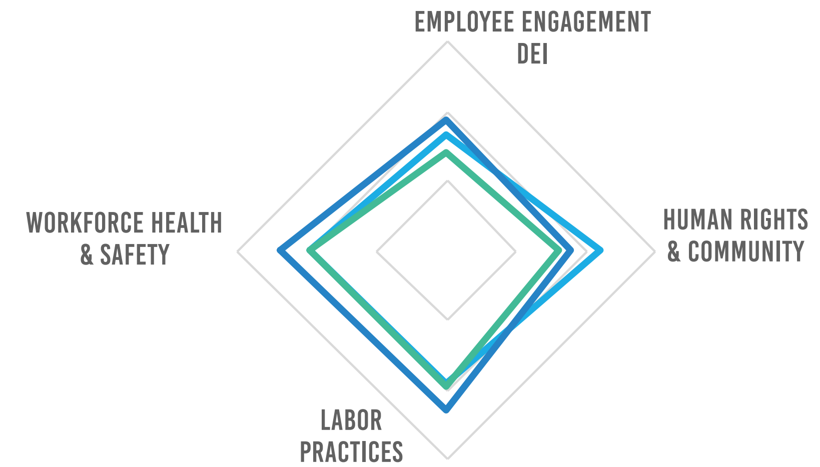
| KEY PERFORMANCE INDICATORS - SOCIAL | | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| WORKPLACE HEALTH & SAFETY | Employee Total Recordable Incident Rate (TRIR) | 0.53 | 0.16 | 0.22 |
| | Contractor TRIR | 0.39 | 0.41 | 0.38 |
| | Employee and contractor fatalities | 0 | 0 | 1 |
| | Average hours of Health & Safety training | 25 | 21 | 18 |
| EMPLOYEE ENGAGEMENT, DEI | Women on the Board of Directors (as of 12/31) | 9.5% | 11.1% | 13.0% |
| | Women in the workforce (as of 12/31)[1] | - | 23.4% | 34.0% |
| | DEI incidents in the past 3 years[2] | 9.1% | 14.3% | 16.2% |
| | Percent of portfolio with a policy regarding diversity and inclusion[2] | 90.0% | 80.8% | 62.0% |
| LABOR PRACTICES | Workforce hired | 9.4% | 15.6% | 19.8% |
| | Workforce turnover | 15.3% | 14.5% | 14.1% |
| HUMAN RIGHTS & COMMUNITY | Reports of community grievances in the past 3 years | - | 12.8% | 13.5% |

2020 2021 2022

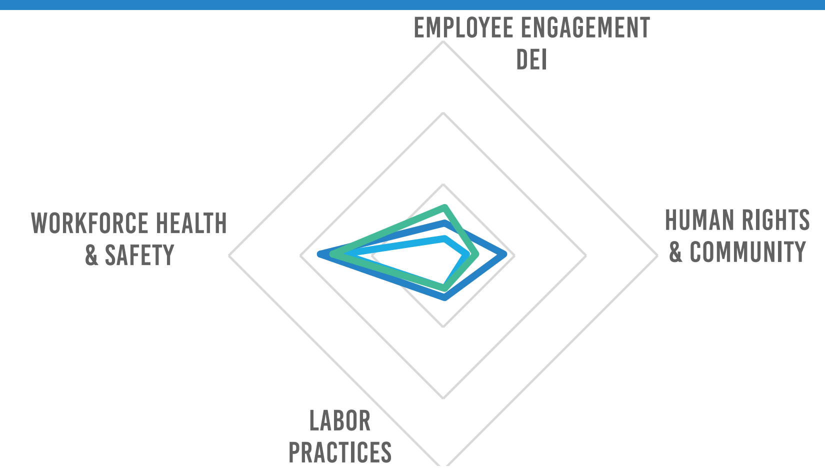
## POLICIES & PROGRAMS




## DATA AVAILABILITY




## GOALS & TARGETS




Note: A larger surface/radar represent a higher ESG maturity score for each factor.

Source: EIG annual ESG questionnaire. Company data as of December 31, 2022. Internal EIG analysis.
1. Data not requested in 2020.
2. An incident refers to a legal action or complaint filed through the company or competent authorities via a formal process, or an instance of noncompliance identified by the company through established procedures (which may include management system audits, formal monitoring programs, or grievance mechanisms). The 2022 data includes incidents that were investigated by third-party and deemed to be without merit.

# ESG Data & Metrics - Governance

## GOVERNANCE DATA INSIGHTS

Good governance practices including risk management protocols and oversight are essential for business continuity. We expect portfolio companies to operate responsibly and adhere to all applicable policies and regulations impacting their business, suppliers, and customers.

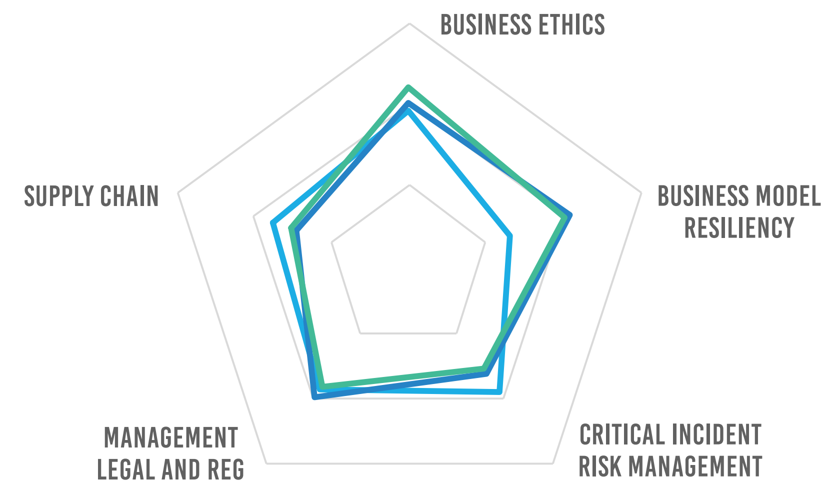
- Evaluating KPIs used at the Executive and Board level is important to understanding how critical risks are considered from a leadership perspective, particularly when those KPIs are linked to management and employee bonus structures
- We are beginning to engage with portfolio companies more comprehensively on cyber security risk, and are finding improved systems and programs
- Portfolio companies' overall maturity and approach to managing social risk has stayed relatively consistent year over year

| KEY PERFORMANCE INDICATORS - GOVERNANCE | | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| BUSINESS ETHICS | Portfolio companies reporting incidents of noncompliance associated with corporate ethics in the past 3 years | 6.1% | 10.7% | 10.8% |
| LEGAL AND REGULATORY | Portfolio companies that received a monetary fine related to ESG non-compliance | 9.1% | 7.1% | 13.5% |
| DATA SECURITY | Portfolio companies reporting a material cyber security breach in the past 3 years | 3.0% | 3.6% | 2.7% |
| SUPPLY CHAIN | Portfolio companies conducting supplier audits that account for ESG performance[1] | - | 25.0% | 27.0% |
| EXECUTIVE COMPENSATION | Portfolio companies with ESG data or metrics linked to management compensation | 66.7% | 46.4% | 59.5% |
| | Portfolio companies with environmental metrics linked to management compensation | 30.3% | 35.7% | 27.1% |
| | Portfolio companies with social data or metrics linked to management compensation | 63.6% | 42.9% | 56.8% |
| | Portfolio companies with governance data or metrics linked to management compensation | 45.5% | 35.7% | 32.4% |

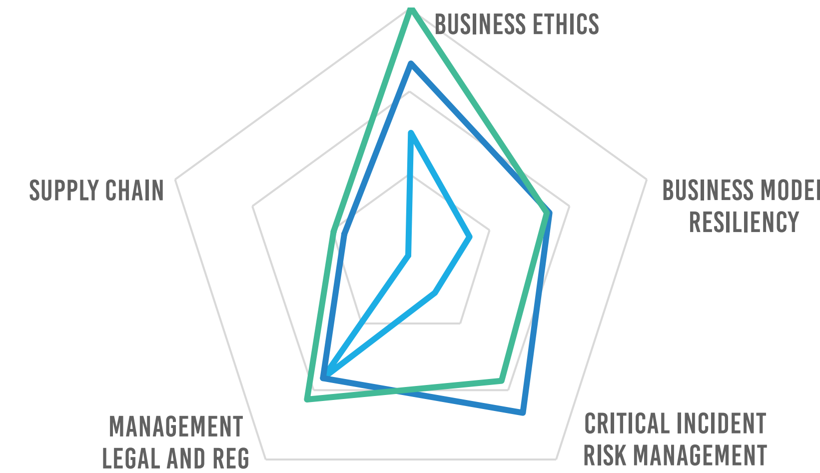
Source: EIG annual ESG questionnaire. Company data as of December 31, 2022. Internal EIG analysis.
1. Question reworded in 2021; no data available for 2020.

2020 2021 2022

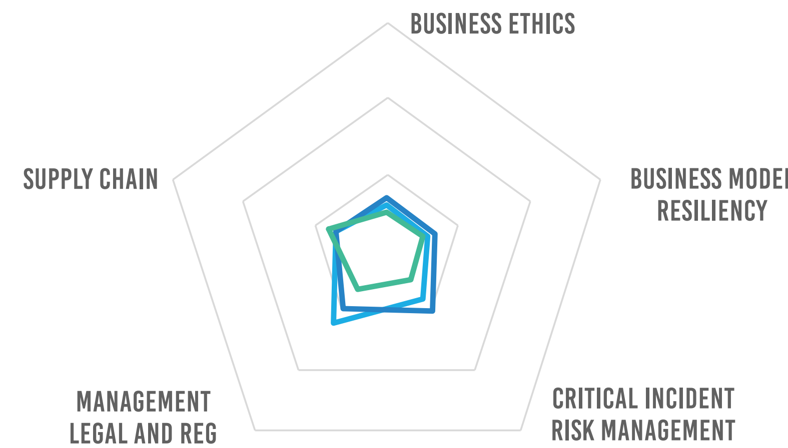
## POLICIES & PROGRAMS




## DATA AVAILABILITY




## GOALS & TARGETS




Note: A larger surface/radar represent a higher ESG maturity score for each factor.

# GOVERNANCE

# ESG Governance & Leadership

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

Review of capital deployment into investments is the purview of each managed investment vehicle's **Investment Committee**. In the investment process, the investment teams assess and discuss 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, the investment must be approved by the applicable Investment Committees in order to proceed.

**EXECUTIVE COMMITTEE**
Oversight

**INVESTMENT COMMITTEE**
Accountability

**ESG COMMITTEE**
Responsibility

**OPERATIONS TEAMS** | **ESG TEAM** | **INVESTMENT TEAMS**
Implementation

Responsibility for proper identification and assessment of ESG risks to both EIG and each potential investment lies with the **ESG Committee.** The cross-functional members of the ESG Committee are selected based on their extensive backgrounds in deal structuring, operations and legal matters. These members are also chosen for their ability to influence and integrate ESG practices and culture throughout EIG, as well as with investors and portfolio companies. Each potential investment undergoes ESG Committee review, and the ESG Committee provides its recommendation to the Investment Committee prior to their final approval.

As evidenced by our multi-tier investment review process, various teams throughout the Firm are engaging with and implementing EIG's ESG strategy.

## KEY ESG CONTROLS DOCUMENTS

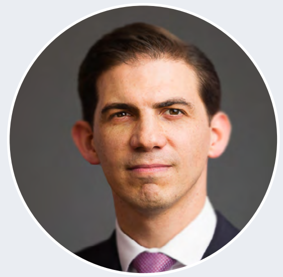
- ESG & Climate Policy
- Internal Operating Procedures
- Compliance Manual
- Fund Agreements
- Transaction Documents
- Investment Recommendations
- ESG Memorandum

## ESG COMMITTEE

Voting Members: 8

✓ EXECUTIVE COMMITTEE MEMBER

✓ **Emily Rodgers**
MD & ESG Director
*ESG Committee Chairwoman*
Houston, TX



✓ **Andrew Ellenbogen**
MD & Global Co-Head of Power & Renewables
Washington, DC

✓ **Rick Caplan**
MD & Head of Capital Development
Washington, DC

**Jeannie Powers**
MD & Co-Head of Domestic Upstream
Houston, TX

**Jonathan Mottura**
SVP
London

**Sean Murphy**
SVP & Chief Compliance Officer
Washington, DC

**Kat Turner**
VP & Director of Risk Management
Houston, TX

**Brian Pownall**
VP
*Rotating Member*
Houston, TX

**Rebecca Soder**
AVP
*Committee Secretary*
Washington, DC

# ESG Governance

## ESG DATA COLLECTION

In late 2022, we evaluated several ESG data platforms in order to increase due diligence questionnaire adoption rates, create a better user experience for our portfolio companies, enable tracking and auditability, and improve analytics capabilities. Because of our focus across the energy sector and ability to provide financing solutions across the capital stack, our ESG questionnaire and risk analysis is highly tailored, and we needed a highly customizable platform.

This past spring, we implemented **Dasseti** – a flexible platform for creating bespoke questionnaires, assigning weighting and scoring of individual questions, and excellent customizable reporting and analytics. As a result, our portfolio company response rate increased.

DASSETI

## EXPANDING OUR ESG TEAM

In the past year, our ESG team has grown with the addition of two analysts to ensure that adequate resources are dedicated to investment diligence, risk mitigation measures, data collection, climate-related strategy and decarbonization pathways, investor reporting and emerging regulatory frameworks pertaining to ESG matters.

**EMILY RODGERS**
ESG Director

**MALIN HENRIKSSON**
Senior ESG Manager

- Investor and public ESG reporting
- Regulatory-related developments, compliance and reporting

**SCOTT MIGLIORE**
Senior ESG Manager

- Investment due diligence and ESG risk identification
- Portfolio company engagement and performance management

*Support from dedicated ESG Analysts*

## ESG TRAINING

EIG considers the understanding of climate and ESG-related risks and opportunities to be of the utmost importance. This past year, we held several training sessions for our investment and operational teams.

**Training topics included:**

- Regulatory updates pertaining to the E.U. SFDR, E.U. Taxonomy and proposed SEC developments
- Fund strategies and commitments
- ESG risk factors and investment diligence

We are currently developing required ESG training as part of the new employee onboarding program.

## SENIOR ADVISORS & NEW LEADERSHIP

We are fortunate to have four Senior Advisors who share their wisdom and global energy industry experience across EIG. Senior Advisors provide valuable and innovative strategic counsel and sector-specific technical expertise, and identify growth opportunities to EIG leadership and investment teams.

**Linda Cook** is the CEO of Harbour Energy Plc., the largest UK North Sea producer of oil and gas. She spent 29 years with Royal Dutch Shell in various executive roles.

**Joe Kaeser** was President and CEO of Siemens AG from 2013-2021, and oversaw the company's major strategic initiatives and reorganizations. He continues to serve on several boards, including Siemens Energy.

**Antonio Afonso** helped to build the infrastructure debt platform at Allianz Investment Management.

*As a Senior Advisor, Mr. Afonso helps lead EIG's capital development team.*

**Yangyang Liu** worked within the private equity and energy teams at the China Investment Corporation and Morgan Stanley.

# PARTNERSHIP WITH INVESTORS

# Partnership with Investors

**Engagement and partnership with existing and potential investors is a cornerstone of our ESG strategy.**

Understanding our investors' long-term strategies and priorities is essential when designing new fund offerings, sector allocations, targets and reporting obligations. We are focused on meeting the return expectations of our investors and identifying and managing opportunities and risks consistent with our fiduciary duty. Given the potential material impact of many ESG factors on investment returns, consideration of related ESG risks is critical to our investment underwriting process.

In the past year, we have seen an increase in ESG-related data requests from our clients. Certain requests pertain to specific frameworks or disclosures, others are based on a materiality assessment or sector-specific data needs.

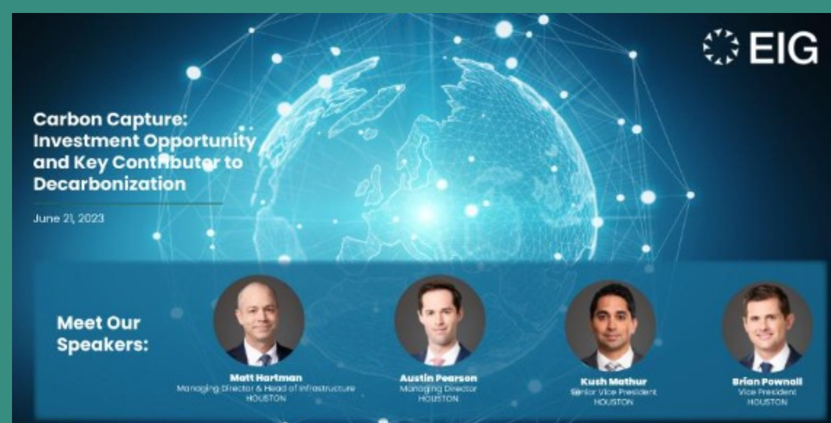
We engage with and report on ESG and climate-related matters to our clients in a variety of ways including:

- Annual public ESG report
- Annual private ESG reports
- Annual investor meetings
- Specialized ESG reporting on certain high-interest investments
- Written client information on material ESG-related events
- Private investor meetings
- Client diligence and monitoring data requests
- Regulatory disclosures

## MARKET INSIGHTS

To keep clients informed of market and climate-related developments, we have published several research documents and reports, including on methane and European gas dependence. In an effort to increase communication and engage on interesting topics, we have recently begun hosting 30 minute informational webinars, two of which are linked below.

- **IEA World Energy Outlook: Reading Between the Numbers**
- **Carbon Capture: Investment Opportunity and Key Contributor to Decarbonization**


## INDUSTRY COLLABORATION AND REPORTING

**We recognize the many benefits of actively engaging in industry groups, collaborating with peers and reporting data to leading initiatives.**

### 2013/2015

EIG has been a member of the **UN PRI** since 2013 and has reported public information since 2015.

*Signatory of:*

PRI Principles for Responsible Investment

### 2021

In 2021, EIG became an inaugural member of the **Initiative Climat International** (iCI) North American chapter and participates in the Private Credit and Regulatory working groups. As part of the Private Credit working group, we collaborated on the creation of a *'Carbon Footprint Measurement'* brochure that asset managers can use with portfolio companies not currently tracking emissions.

initiative climat international
Private equity action on climate change

### 2021

EIG joined the **ESG Data Convergence Initiative** in 2021 and has reported two years of blinded fund and portfolio company metrics.

ESG Data Convergence Initiative

# Partnership with Investors

## REGULATORY REPORTING

With clients located in various jurisdictions worldwide, we are highly attuned to the rapidly evolving regulatory frameworks pertaining to ESG and impact-related investing. While developments are occurring worldwide, the U.S. and the E.U. are key markets with immediate and near-term effects.

As a marketer of financial products in the E.U., we are required to disclose relevant information pertaining to ESG aspects of certain of our funds, including how and if we promote environmental objectives, or if our investments qualify as sustainable investments with clear environmental objectives. Furthermore, we may be required to report specific ESG-related KPIs or certain criteria ensuring a potential investment Does No Significant Harm (DNSH) to certain environmental considerations. We may also be required to diligence and disclose information related to governance of ESG factors, evaluation of supply chain-related risks, or assurance of the protection of human rights across our investments.

We continue to evaluate the applicability of ESG-related regulations in the jurisdictions in which we market and invest, and we are committed to negotiating documentation that not only complies with, but often exceeds, baseline requirements.

## Relevant ESG & Climate Regulations & Frameworks

### INTERNATIONAL

**ISSB:**
International Sustainability Standards Board

The ISSB is a standard-setting board created in 2021 under the umbrella of the **International Financial Reporting Standards** (IFRS) to develop and implement a comprehensive global baseline of sustainability disclosures for investors and financial markets. The disclosures are focused on sustainability and climate reporting to be included with financial statements and can be mandated and combined with jurisdiction-specific requirements.

### EUROPEAN UNION

**E.U. Sustainable Finance Strategy**
The E.U. Sustainable Finance Strategy supports the European Green Deal by directing investments toward and raising capital for activities that support sustainable transition.

**SFDR**

The **Sustainable Finance Disclosures Regulation** (SFDR) with its supplementing Regulatory Technical Standards (RTS) sets disclosure requirements that apply to all financial market participants and advisors offering financial products in the E.U. The SFDR is integral to the E.U. Green Deal promoting transparency in financial markets.

**E.U. Taxonomy**

The **E.U. Taxonomy Regulation** guides private investments in different sectors to achieve the goals of the E.U. Green Deal.

This new regulation provides the first uniform and credible standard and common language that allows entities to align their activities with the transition to low carbon, resilient and sustainable pathways.

**NFRD & CSRD**

The **Corporate Sustainability Reporting Directive** (CSRD) aligns with the E.U. Green Deal, amending the **Non-Financial Reporting Directive** (NFRD) to enhance sustainability reporting for around 49,000 companies, up from 11,700, under E.U. sustainability reporting requirements.

### UNITED STATES

**SEC**
Securities and Exchange Commission

The **SEC** has indicated its intention to enhance existing ESG disclosures in the financial sector, with a special focus on climate-related reporting. Final regulations are expected later this year.


# HUMAN CAPITAL & DEI

# Human Capital & DEI

At EIG, our success is fueled by our people. We take pride in our diverse teams and the collaborative spirit that unites our global offices. EIG is committed to a diverse, equitable, and inclusive culture that is built on a fundamental respect for people from all backgrounds and life experiences. We believe diversity provides fundamental strength to our business and it is a core commitment to ourselves and our investors.

## EIG DEI KPIs[1]

### GENDER DIVERSITY

**42%** female staff

**41%** female new hires

**12%** female investment team members

**34%** female promotions

### ETHNIC DIVERSITY

**36%** ethnically diverse staff

**37%** ethnically diverse new hires

**32%** ethnically diverse investment team members

**45%** ethnically diverse promotions

## EMPLOYEE BENEFITS

**EIG provides competitive health and life benefits which promote our DEI goals, including:**

- Health, Dental and Vision Insurance
- Life Insurance
- Disability Insurance
- Flexible Spending Accounts
- 401K Retirement Plans
- Critical Illness and Accident Insurance
- Employee Assistance Program (EAP)
- Flexible Work Arrangements
- Unlimited Paid Time Off (PTO)
- Up to 16 Weeks of Paid Parental Leave for Primary Caregiver
- Infertility Assistance
- Adoption Assistance

## RECENT HIGHLIGHTS

- Third-party review of DEI policy
- Increased female new hires by ten percent (2021 to 2022)
- Doubled female investment professionals (2021 to 2022)
- 76 percent of 2022 promotions were female and/or ethnic minorities
- 34 percent of female employees are in a management position
- Enhanced employee work-life benefits, including flexible remote work, parental leave options, and yoga in the office
- 66 percent of EIG's new hires are women, ethnic minorities, military veterans, and/or LGBTQ+

**EIG hires, develops, and promotes people who embody our values of professional expertise, selflessness, and authenticity.**

- EIG'S PEOPLE VALUE STATEMENT

1. EIG data as of December 31, 2022 including data covering calendar year 2022.

# Human Capital & DEI

## CORPORATE CITIZENSHIP AND COMMUNITY OUTREACH

In the past year and emerging from the pandemic, EIG focused on creating forums for professional and social interactions for our employees in the work environment as well as outreach programs to drive meaningful connections and relationships in our communities.

Employees build connections with each other through:
- social and networking events,
- mentoring and buddy programs, and
- monthly lunches and happy hours that often promote our commitment to DEI.

EIG supports our communities through our **EIG Gives Back** program. We sponsor and build partnerships through various events that impact our communities.


In the summer of 2023, EIG participated in a Back-To-School Block Party hosted by Cleveland Elementary School in Washington, D.C., which included donating school supplies for students in the upcoming year.

## WOMEN IN CLIMATE INVESTING & FINANCE

EIG recently sponsored and co-hosted an event together with the Washington, D.C. chapter of **Women in Climate Investing & Finance**.

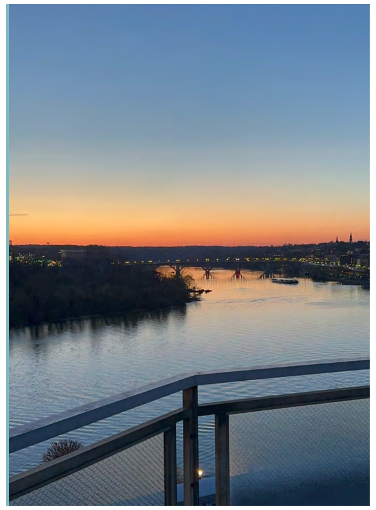
The rooftop reception was followed by a panel on *Private Capital Transaction Diligence & Engagement*. The event was attended by women from various industries, including government, banking, nonprofits and more.

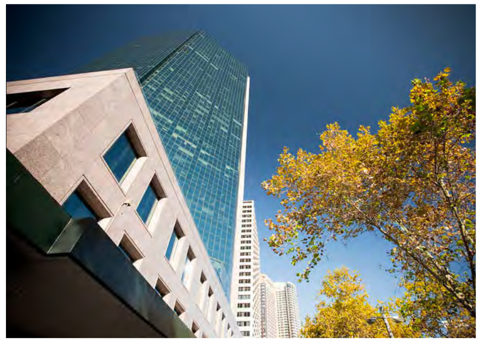
WICIF

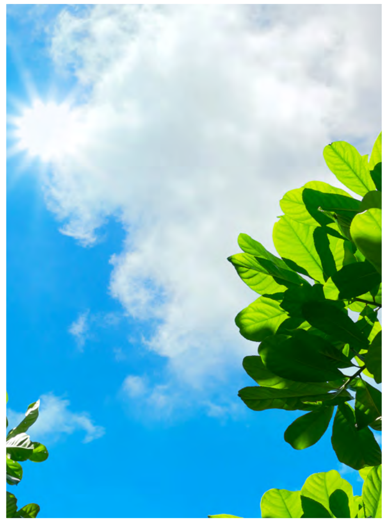
The purpose of **Women in Climate Investing & Finance** is simple: provide a space for women to authentically connect, build community, and support and empower each other within climate investing and finance.

FOCUSED
INSIGHTS.

GLOBAL
OPPORTUNITIES.







# CONTACT US:


www.eigpartners.com
202-600-3300
investorrelations@eigpartners.com