

Orion Infrastructure Capital

ESG Policy

Updated December 2022

1. Rationale

With this policy statement, Orion Infrastructure Capital (“OIC”) seeks to establish our responsible investment practice for the consideration of Environmental, Social and Governance (“ESG”) issues. The commitments and principles outlined below will guide not only our investment process, but also our daily business activities as an employer and member of the communities in which we operate and invest.

Our long-standing philosophy has been that engaging in responsible investment practice is not an elected strategy, marketing tool, or question of optionality – it is simply part of our duty as responsible citizens in the 21st century. Integrating ESG factors into our investment decisions, portfolio monitoring and stakeholder engagement activities makes us better investors and more meaningful contributors to advancing social and environmental progress.

While this policy frames OIC’s overall approach to ESG integration in our investment practice and across our organization, we recognize that as a capital provider to energy, infrastructure, industrial, manufacturing and other hard-asset businesses, we have a special obligation to consider the environmental impact of our investments. We believe adherence to sound ESG principles will lead to better results for our portfolio companies by fostering value creation, mitigating business risk, and driving positive ESG impact outcomes alongside financial returns. OIC takes its ESG practice seriously. We are committed to regularly monitoring the broad consequences of all material investment factors, both financial and sustainability related, to ensure that the needs of OIC stakeholders are considered in the fulfillment of our ESG commitments.

2. Scope

This policy applies to all investments considered by OIC:

While the consideration and practice of ESG integration is most often undertaken by equity investors with a greater ability to influence management, we believe that credit investors also have an obligation to be guided by ESG principles when making investment decisions. A key tenet of our responsible investment philosophy is to collaborate with equity owners and management teams, and to add value through our industry experience and operating expertise. Engaging with our portfolio companies, as well as limited partners, on ESG issues is integral to OIC’s investment partnership model and approach.

3. Our ESG Principles

In developing our ESG policy, we have considered a range of source materials, including the United Nations supported Principles for Responsible Investment (PRI), the Sustainable Accounting Standards Board (SASB), and the Environmental Defense Fund and Malk

Sustainability Partners industry research on ESG and stakeholder engagement best practices in private equity.

We have adopted a set of comprehensive principles, aligned to PRI's framework for ESG integration, to guide the implementation and management of our ESG practice, both in our everyday operations and in our partnerships with portfolio companies. The employees of OIC are, to the best of our ability, committed to:

- *Integrating environmental, social and governance factors* into every stage of the investment lifecycle, from pre-investment due diligence through the end of OIC's investment period.
- *Working with portfolio companies* through appropriate channels (e.g., management and/or board of directors) to manage and monitor environmental, public health, safety, and social issues, with primary objectives of performance improvement and risk mitigation over time
- *Ensuring internal awareness of our ESG principles* to facilitate consistent application and participation across our firm, and to establish a clear understanding that upholding OIC's commitments to responsible investment practices is a shared obligation of all employees.
- *Assigning dedicated oversight* responsible for executing on OIC's ESG principles, led by a formal ESG Committee that consists of a cross-section of firm employees with relevant qualification, experience, and leadership in ESG practice.
- *Striving for continual improvement* in our ESG integration approach, whereby the ESG Committee regularly reviews the efficacy, relevance, and scope of our principles and procedures (generally on a quarterly basis), making policy and process adjustments as needed.
- *Prioritizing environmental sustainability factors*, focused on aligning target investment themes with environmentally innovative business solutions that can reduce and mitigate the adverse impacts of climate change.
- *Adhering to the highest standards of conduct* intended to avoid even the appearance of negligent, unfair, or improper practices. Proactively complying with applicable laws; supporting the payment of competitive and living wages and benefits to employees; providing a safe and healthy workplace in conformance with national and local law, and, consistent with applicable law, respecting the rights of employees to decide whether to join a union and engage in collective bargaining.
- *Encouraging open discussion and providing timely information* to our limited partners on the matters addressed herein, fostering a culture of transparency, honesty, and continuous improvement on ESG matters.

4. Application in the Investment Process

Pre-Investment

We assess ESG risks and value creation opportunities as part of every investment and view these considerations as imperative elements of OIC's due-diligence process. We believe that integration of ESG factors in our due-diligence process can avoid future costs and prevent situations that can harm the reputation of OIC, our operating companies, and our limited partners. Therefore, as a part of OIC's investment due diligence, we thoroughly investigate considerations of material ESG risk and opportunity factors, examples of which are indicated below for each category.

- *Environmental:* Consideration of climate change risks and opportunities; compliance with environmental regulation and best practices; possession and maintenance of all required industry-specific certifications; and tracking of key environmental KPI's.
- *Social:* Compliance with applicable labor laws and regulations and Human Rights laws and principles; fostering an inclusive, diverse, and affirming company culture; adherence to best practices concerning human resources and worker health and safety; impact on local communities and economic benefits, and issues relating to supplier manufacturing processes
- *Governance:* Assessment of business integrity and ensuring sound corporate governance, investigating signs of corruption, money-laundering practices, or crime; existing governance structure; management of conflicts of interest; and existing ESG management structures and policies.
- Deal teams are required to complete a full ESG evaluation, for internal use, and include findings and analysis as part of seeking final Investment Committee approval. This evaluation tool consists of both qualitative and quantitative assessments (where data is available), which deal teams are also required to review with the ESG Committee for approval.

Investment Agreement

We generally include ESG-related covenants in our investment and credit agreements (both operational & reporting), including covenants for our portfolio companies to deliver ESG reports to OIC on a regular basis to allow us to stay engaged and informed on ESG considerations impacting our investments. Although each deal is different, all our loan agreements contain ESG-related covenants as well as rights or mechanisms for OIC to confirm compliance with such covenants.

Post-Investment

After we make an investment, we regularly engage in dialogue with our portfolio companies, generally on a quarterly basis, regarding ESG-related risks, opportunities and performance. We also seek to collect ESG data from our portfolio companies to track and monitor performance on key ESG risks and opportunities over time. Our approach to ESG monitoring and performance follows an individualized, long-term evaluation methodology, as advocated by the Sustainability

Accounting Standards Board (SASB). We therefore prioritize collecting data covering ESG factors deemed material, including customized factors, dictated by individual company ESG profiles (sector, asset category, supply chain characteristics, etc.). Given OIC's focus on environmentally innovative energy, waste, recycling, water, and other infrastructure, industrials, manufacturing and hard-asset subsectors, environmental ('E') metrics are considered most material as they relate to the risk and opportunity profiles of our portfolio companies.

Escalation and Remediation Strategies

- *During Pre-Investment:* To the extent material ESG issues are identified as part of the diligence process, OIC may engage external advisors to carry out additional ESG-related due diligence. Where management of, or performance on, a material issue is considered by OIC to need improvement, we will work with prospective portfolio companies through the appropriate channels to support the development of a corrective plan of action before entering into a formal partnership.
- *During Post-Investment:* Each deal team is responsible for monitoring the performance of its investments, including on-going monitoring and management of potentially material ESG issues. Should ongoing monitoring raise a concern with respect to ESG risks, our deal teams will review with the ESG Committee to determine the appropriate course of action. This may involve communication with relevant stakeholders, including our limited partners.

5. Application at the Firm Level

Roles, Responsibilities and Oversight

Our ESG Committee currently consists of Gerrit Nicholas (CIO, Co-Founder & Co-Managing Partner), Ethan Shoemaker (Investment Partner & Head of Infra Credit), Reyno Norval (Partner, IDEA Group), Zhao Yang (Managing Director & General Counsel of Infra Growth), Shankari Mylvaganam (Vice President) and Georgiana Zehner (Vice President). Mr. Nicholas also sits on the Firm's Investment Committees. To keep employees at all levels of the organization engaged, we also augment the ESG committee with non-voting positions, filled by Roy Ellis Ochoa (Associate, Investment Performance & Optimization Team) as an observer on the committee.¹

We have regular ESG Committee meetings (typically on a quarterly basis) to discuss ESG developments, firm level activities and specific issues or topics impacting our portfolio companies. As discussed above in our Principles, the ESG Committee also uses these regular meetings to review the effectiveness and implementation of this policy.

Facilities and Environmental Footprint

Our commitment to these ESG Principles is deeply ingrained in our culture and extends beyond our investments to the spaces we occupy. OIC encourages its employees and stakeholders to

¹ The composition of the ESG Committee may be updated from time to time in accordance with OIC's internal policies and procedures.

support and promote sustainable and innovative life choices and technologies including the use of public transportation and environmentally progressive hotels during business travel, paperless document sharing, and other sustainable office practices. The firm will also consider making investments in companies that promote sustainable uses of energy resources, provided such businesses meet the firm's other economic and commercial investment criteria.

Diversity, Equity & Inclusion

We have established an internal Diversity, Equity & Inclusion (DEI) Committee, supporting our conviction that a team comprised of people from diverse backgrounds, whether based on gender, race, age, or sexual orientation, will lead to a broader set of ideas, perspectives, and knowledge that can lead to superior decision-making and results from our team and across our business. In addition to setting goals and targets for our own team's DEI initiatives, we also partner with community organizations to support diverse communities, including through volunteer/service events and establishing educational or career-oriented programs aimed at increasing exposure to the finance / private equity industry.

Community Service and Volunteering

We believe that community involvement and volunteer service is an important part of our responsible investment practice and ESG initiatives. The professionals at OIC typically take part in at least one annual volunteer day with a local charity. OIC also encourages employees to take volunteer workdays to help local or charitable community efforts.

6. Transparency and Reporting

We recognize our reporting practices must be flexible to change and adapt around emerging definitions of risk, opportunity, and materiality. Therefore, we will continue to refine and improve our annual ESG reporting practices. Our approach may differ in future years to reflect the addition or omission of certain elements as needed. OIC will report on ESG integration practices and portfolio monitoring and performance outcomes covering key risk and opportunity considerations on a timely basis (generally, at least annually) to our investors. The format of this reporting may also vary between written fund level or asset level reports, verbal reports, or other presentations and communications.

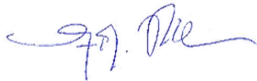
7. Excluded Investments

Consistent with our investment thesis and commitment to responsible investment activities, we do not invest in companies or assets involved in:

- Production or other activities that involve forced labor, child labor, modern slavery, human trafficking, other forms of harmful or exploitive labor, or otherwise have the effect of limiting people's individual rights and freedoms or violating a person's human rights.
- Production of any illegal products or activities, or engagement in any illegal activities under applicable laws, regulations, or international conventions and agreements.

- The supply or purchase of sanctioned products or goods to or from countries or regions covered by United Nations sanctions.
- Exposure of populations to toxic substances as covered by federal, state or local laws and regulations.
- Principally involved in the manufacturing, distribution, or sales of arms or ammunition or their component parts intended for such purpose.
- Manufacture or sale of pornography or prostitution.

This policy was last updated in December 2022 and will be reviewed and updated periodically, as warranted. In this regard, we seek discussion with, and welcome input from, our investors that are interested in the content and implementation of our ESG policy.



Gerrit J. Nicholas
CIO & Managing Partner ESG Committee Chair