

Frontier Renewables Capital SGEIC, S.A.

ESG POLICY

Approved by the Board of Directors

on

26 August 2022

Background

Frontier Renewables Capital SGEIC, S.A. ("FRC"), is a regulated alternative investment fund manager based in Madrid, Spain. FRC manages Alternative Investment Funds ("Funds") focused on acquiring renewable energy projects to help accelerate the world's clean energy transition. FRC is a subsidiary of the Frontier Renewables group ("Frontier"), founded in 2009, which has its roots in utility scale solar project development, having successfully developed and sold close to 400 MW in the U.S. and Europe.

With high environmental, social and governance (collectively referred to as "ESG") standards, we not only contribute to a cleaner world that runs on renewable energy, FRC also commits to implementing responsible investment practices, whilst adding value to stakeholders across the value chain.

It is within this context that FRC, as part of the Frontier Renewables group, became a signatory of UN Principles of Responsible Investment ("UN PRI"), which provides a framework for participants to mutually advance responsible investment behaviour by signatories.

It is our ambition to manage and mitigate risks with the aim of creating sustainable and stable long-term returns for our investors, while contributing to a lasting impact for communities. With majority stakes in investments, it is our ambition and responsibility to develop the renewable energy projects minimising ESG risks, creating impact on ESG factors, and, where possible, focusing on ESG opportunities.

Purpose and Scope

The purpose of this ESG Policy is to describe FRC's integration of ESG principles into its investment decisions, while providing a guideline for employees and responsible investment commitments.

FRC's management team, investment professionals and other staff are responsible for ensuring compliance with this policy by all of the Funds under its management. The policy applies to the management of the Funds and all investor professionals investing on behalf of the Funds.

This publicly available policy also serves to provide transparent communication to investors, employees, and other stakeholders about FRC's approach to ESG for all the Funds under its management.

Governance and review

The ESG commitments of the policy lie with FRC. It is the responsibility of the FRC as fund manager to execute and operationalise the elements of this policy in investments decisions and asset management.

The policy implementation during the ownership stage is the responsibility of the relevant governance body of each investment e.g., the investment's Board of Directors or Management (as applicable).

ESG Principles

Globally, power generation is an important contributor to greenhouse gas ("GHG") emissions. Investments by Funds managed by FRC are solely in renewable energy, which contributes to reduction in GHG emissions from the power generation sector. The aim is to increase the share of renewable energy in the global energy mix, consequently contributing to the achievement of UN's Sustainable Development Goal 7.2: "By 2030, increase substantially the share of renewable energy in the global energy mix".

ESG factors affect long-term returns, and long-term financial value creation relies on responsible and sustainable management of our activities. Energy infrastructure projects have an impact on many ESG factors, which is why FRC is committed to operating its activities in a sustainable manner, taking long-term ESG consequences into consideration in our activities.

We adhere to relevant laws and regulations in all the markets in which we perform our activities. We will align our activities both in development and operations with established and recognized international guidelines and recommendations, in particular the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Responsible investment approach

The Funds invest in energy infrastructure assets with a sole focus on renewable energy. We believe these assets provide investment opportunities with an attractive risk-return balance, while at the same time contributing to reducing global GHG emissions. Due to the nature of our investment strategy, with a sole focus on renewable energy, we exclude investments in the fossil fuel sector.

More specifically, the energy infrastructure assets include, but are not limited to:

- Offshore wind,
- Onshore wind,
- Solar power generation,
- Hydro power generation,
- Green hydrogen,
- Battery storage, or battery energy storage systems ("BESS"), storing renewable energy.

Any investment must be aligned with the EU Taxonomy. Investments in any type of natural gas, nuclear energy, or biofuels are excluded.

Investments can be in greenfield and brownfield projects. The commitments and procedures set forth in this policy apply to any investment case, unless stated otherwise.

ESG factors and risks

Evaluation of ESG factors is an integrated part in investment decisions. Where relevant ESG risks are identified, we perform further analysis to evaluate the impact of these risk, and we consider mitigating measures, when deemed to be required.

In FRC, we have identified the following ESG factors and risks that are most material for the investment strategy of the Funds. FRC will take these into consideration in analysis and evaluation of investments. Where we identify ESG risks that may have a material impact on the investment or which may significantly impact stakeholders or the environment, mitigating measures will be evaluated, implemented, and reported upon to the investment committee following the ESG due diligence approach for the Funds. In the managing and monitoring process, FRC aims to continuously mitigate ESG risks while adding value to the ESG factors where possible.

Environmental:

- Biodiversity and habitat
- Contamination, in particular contaminated land
- Climate change risks
- Greenhouse gas emissions
- Waste management and materials usage, with the ambition of spurring circular economy
- Energy usage
- Water usage & water scarcity
- Water emissions (to groundwater, rivers, etc.)
- Environmental risks in the supply chain

Social:

- Occupational health and safety
- Community health and safety hazards
- Working conditions
- Freedom of association
- Diversity and discrimination
- Stakeholder engagement
- Social risks in the supply chain

Governance:

- Board ESG oversight
- Diversity and equality in board representation
- Ethics, anti-bribery and corruption, money laundering mitigation, and fair competitions practices
- Fair and responsible tax

- Conflict of interest management
- Digital security, including cybersecurity and data protection
- Shareholder rights
- Whistle-blower protection
- Supplier and contractors

ESG integration

Additional to FRC's responsible investment approach and considerations of ESG factors and risks for the Funds, FRC has developed an ESG integration framework.

The ESG integration process consists of three steps:

- 1) ESG Due Diligence
- 2) Do no significant harm
- 3) Ownership
 - a. Minimum safeguards
 - b. Health and safety
 - c. Active ownership

ESG Due Diligence

FRC conducts ESG due diligence prior to investments by the Funds. The purpose of this is to ensure that all relevant and material ESG risks and opportunities are considered prior to investment decisions.

The ESG due diligence is conducted by the investment team, in co-operation with external expertise where required. The ESG due diligence process ensures that relevant and material ESG risks are identified, their impacts are analysed, and the risks are treated or mitigated where required. The results of the ESG due diligence are presented to FRC's management or the respective Investment Committee prior to investments.

Do no significant harm

As part of the development of a project (greenfield), an Environmental Impact Assessment ("EIA") or Environmental Impact Study ("EIS") will be carried out if required by local regulations. An EIA and EIS usually include assessment of:

- the reduction of emissions,
- impact on environment,
- impact on biodiversity including fauna,
- impact on socio-economic factors,
- acoustic level,
- cultural heritage / archaeological study, and
- impact on landscape.

As a governance structure, the EIA includes a public hearing for stakeholders to raise concerns. The EIA leads to mitigating action plans, if necessary, before approval by local authorities.

If an EIA is not required by local regulations, FRC will take the appropriate measures to ensure that investments comply with the do no significant harm criteria set forth for the asset category.

Ownership

Minimum safeguards

We manage the investments with a particular focus to adhere with following international standards: OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

To ensure good governance practices in investments, we follow FRC's internal Code of Conduct, which includes a conflict-of-interest policy, our internal manual of procedures for the prevention of money laundering and terrorist financing, and remuneration policy.

Health and safety

In any investment (greenfield or brownfield), FRC is committed to providing and maintaining a safe and secure workplace for all stakeholders (employees, contractors, etc.). We set specific requirements to any developer or manager that health and safety measures are in place to ensure the health and safety of any individual.

Active ownership

FRC works to ensure good governance of each investment through our majority stake and consequently our ownership role. The fund manager will have representatives in governing bodies of the investments e.g., the Board of Directors. Through our ownership and representation, we encourage ongoing development of ESG according to priorities for each investment.

Where we invest alongside other shareholders, we work with our co-shareholders to ensure an appropriate prioritization of ESG.

SFDR regulation¹

The European Parliament and the Council have introduced legislation regarding sustainability-related disclosures. The principal adverse impacts (PAIs), as presented in Annex I to the Commission Delegated Regulation (EU) 2022/1288 (also known as the Regulatory Technical Standards ("RTS")), are taken into account and will be reported on annually for the Funds. We commit to report on following 18 PAI metrics:

Table 1: The 14 mandatory indicators applicable to investments in investee companies.

Table 2: #13. Non-recycled waste ratio, and #14. Natural species and protected areas.

Table 3: #2. Rate of accidents, and #3. Number of days lost to injuries, accidents, fatalities, or illness.

EU Sustainability Taxonomy²

The European Parliament and the Council have introduced legislation to classify investments according to criteria for environmentally sustainable economic activities. Any investment must be aligned with the EU Taxonomy, consequently as part of the investment process, Frontier Renewables evaluates the alignment with the EU Sustainability Taxonomy criteria for Significant Contribution to Climate Change Mitigation, Do No Significant Harm ("DNSH") to other environmental objectives, and Minimum Safeguards ("MS").

For investments that are not aligned with the EU Sustainability Taxonomy criteria before investment close, we will align these investments with the criteria either pre financial closing or immediately after financial closing.

Please refer to our SFDR relevant disclosures for the Funds: <https://frontier-renewables.com/esg/>

¹ REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector.

² REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.