

## 1.0 STATEMENT ON PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

White Summit Capital Management SGEIC, S.A.U. (herein referred to as WSC) of 15 Boulevard F.W. Raiffeisen L-2411 Luxembourg, considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. The present statement is the consolidated Principal Adverse Impacts statement of WSC.

The Sustainable Finance Disclosure Regulation (SFDR) (EU) 2019/2088 defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Principal adverse impact is generally understood to mean the negative impact, caused by an investment decision or investment advice, on these factors.

We consider principal adverse impact on entity level by measuring and monitoring the aggregated Principal Adverse Impacts (PAIs) of our funds' investments. In our funds, we consider the 14 mandatory PAIs and a minimum of 2 voluntary indicators defined by the Sustainable Finance Disclosure Regulation (SFDR). Where practicable we aim for factual data subject to data availability and quality.

### **Description of the principal adverse impacts on sustainability factors**

The mandatory indicators defined by the SFDR are set out in Table 1 below. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January 2022 to 31 December 2022.

These indicators are considered to ensure that adverse impact on key sustainability factors is taken into consideration. It should be noted the current that there are two funds at the entity level, the first is WSC Helvetic Infrastructure Partners (WHIP) which contains a single asset and the second White Summit Decarbonisation Infrastructure Fund (WDIF) II which was incorporated in December 2023 and subsequently its first reporting year shall be June 2024.

For each of these indicators, we have included information to describe the actions that we have taken and actions that we plan to take/targets set to avoid or reduce the principal adverse impacts identified.

Information on impact compared to previous year will be reported by 30 June 2024, and continuously on an annual basis.

**Table 1 PAI Template**

Categories	Indicator	Metric	Impact 2022	Impact [year n-1]	Explanation	Actions taken/ planned. Targets set for next reference period
GHG Emissions	GHG Emissions tCO2e linked to current value of investments	Scope 1 GHG emissions	186.45	N/a	No scope 2 emissions Guarantees of Origin available. Conformity of the GHG Inventory conducted by DNV in accordance with ISO 14064-1:2019	GHG year on reduction committed.
		Scope 2 GHG emissions	0	N/a		
		Scope 3 GHG emissions	715.82	N/a		
		Total GHG Emissions	902.27	N/a		
	Carbon Footprint	Carbon footprints (tCO2e/€M of fund value)	9.93	N/a		
	GHG intensity	GHG intensity of investee companies (tCO2e/ €M revenue)	4.14	N/a	New baseline shall be set as new portfolio companies are added to WDIF II.	
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	100%	N/a	PAI report based on WHIP fund containing one asset and subsequently exposure will only be reduced once WDIF II data is incorporated in 2024	No action planned
	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non- renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	22.97%	N/a	PAI report based on WHIP fund containing one asset and subsequently exposure will only be reduced once WDIF II data is incorporated in 2024	Commitment to investment into renewable energy production projects.
Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	1.07E-02	N/a	PAI report based on WHIP fund with Gas distribution asset as a sole investment and subsequently exposure will only be reduced once WDIF II data is incorporated in 2024	Commitment to investment into renewable energy production projects.	

<b>Biodiversity</b>	Activities negatively affecting biodiversity sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0	N/a	We commit to take potential negative effects on biodiversity into consideration during our investment and investment management decisions.	No targets set due no biodiversity sensitive locations in vicinity. This shall be re-evaluated with new investments.
<b>Water</b>	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	N/a	Water discharge is not a material impact.	No action
<b>Waste</b>	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.05E-04	N/a	Hazardous waste is not a material impact.	No action
<b>Social and Environmental Incidents</b>	Violations of UN Global Compact principles and OECD Guidelines for ME	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	N/a	All companies currently active UN Global Compact Members.	We commit to ensuring our portfolio companies become UN Global Compact Members
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for ME or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for ME	0	N/a	All companies currently active UN Global Compact Members.	We commit to ensuring our portfolio companies become UN Global Compact Members
	Unadjusted pay gap	Average unadjusted gender pay gap of investee companies	14.87%	N/a	Targets set by the investee company and reported to the Board.	We commit to ensuring our portfolio companies comply with WSC's Diversity and Inclusion Policy.
	Board Gender diversity %	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	28.57%	N/a	Targets set by the investee company and reported to the Board.	

	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	N/a	This is an activity on our exclusion list and therefore there is no exposure to controversial weapons.	
	Rate of accidents	Lost Time Injury Frequency (LTIF)	0.3	N/a	Inclusive of employees and contractors weighted per million manhours	Targets set by the investee company and reported to the Board.
		Total Recordable Injury Frequency (TRIF)	0.64	N/a	Inclusive of employees and contractors weighted per million manhours	Targets set by the investee company and reported to the Board.
	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	0	N/a	These are one of the first policies developed by acquired companies.	Policies undergo review annually.

## 2.0 DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS OF INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

Our approach to assessing PAIs of investment decisions is underpinned by understanding material risk associated with our investments and the belief that ESG issues can be important drivers of investment value. Where PAIs are identified, we seek to understand, influence and monitor the actions of the underlying entities to mitigate the PAIs on sustainability factors and potential risks or uncertainties.

As presented in WSC's responsible investment policy (Responsible Investment Policy), available on the corporate, WSC assesses materiality and identifies principal adverse sustainability impacts at every stage of the investment process.

The initial assessment uses a set of filters and a high-level evaluation of target companies, assets or platforms to determine:

- Early identification of 'no-go' / key issues which may stop the transactions from moving to the next stage of the approval process such as:
  - Activity listed on a WSC's Exclusion List;
  - Taxonomy eligibility and ability to meet the substantial contribution criteria; and
  - Compliance checks on Anti-Bribery/Corruption, Anti-Money Laundering and violations of Human rights.

Responses to WSC ESG screening questionnaire allows WSC's ESG team to assess the quality of ESG Systems and organisation of target companies. This allows WSC to formulate an early assessment of material risk associated with the investment opportunity. This process also allows WSC to determine how seriously investment opportunities take ESG.

The output from the screening process allows preparation of the Due Diligence (DD) scope of work specific to material risks associated with an opportunity for further investigation.

PAIs associated with the company/ asset/platform's (and subsidiaries') business plan, sector, technology, scale of operations, location, contractors and supply chain issues are further considered as part of detailed ESG DD which dependent of the opportunity may involve:

- Request for ESG data and documents to be provided in a Virtual Data Room (VDR);
- Taxonomy alignment assessment, where applicable;
- DD assessment including but not limited to:
  - Impacts on environmental and social factors such as GHG emissions, biodiversity, communities, waste production, water quality etc.
  - Material ESG risks associated with applicable ESG standards (e.g. local regulations and IFC Performance Standards).
  - Land acquisition or legacy contamination associated with brownfield sites;
  - Stakeholder engagement and sensitivity to the planned activities.

The purpose of the DD process shall be to inform WSC of the material risks and identify 'red flags' early. Red flags shall be investigated and where they can be adequately mitigated e.g. through assignment of a specific budget or resource they shall be considered, otherwise they shall exclude the fund from investing in the opportunity. Potential for margins of error during due diligence phase may exist due to the lack of data. This risk is minimised through the use of specialist ESG due diligence 3<sup>rd</sup> parties and the reports are scrutinised by our internal ESG Team.

The Investment Committee (IC) is responsible for review the risks and opportunities presented in the Investment Memo and therefore have ultimate authority for approving investment, requesting further information or declining the investment opportunity.

During the holding period, WSC works with portfolio companies to develop and ESG Action plan that enables them to embed ESG in their business model and to progress over the year. The plan is initially based on the findings from the due diligence phase and updated as part of the annual management review or where change occurs.

During onboarding all portfolio companies supported to prepare an ESG reporting systems to support annual ESG reporting, with the primary purpose of measuring, progress and ESG performance.

### **3.0 ENGAGEMENT POLICIES**

WSC firmly believes that active engagement with portfolio companies can have a positive impact on investment results and subsequently WSC supports the development of ESG maturity in all its portfolio companies.

WSC shall undertake a range of engagement activities to improve ESG-related practices, including promoting a long-term approach to decision-making. Our active ownership includes:

- Onboarding portfolio companies and supporting them in the identification of material risks and preparation of an ESG Action Plan
- Sharing WSC knowledge, expertise, and experience in the sector during the holding phase
- Monitoring and evaluating ESG performance results and supporting continuous improvement and value creation
- Using our voting rights to drive ESG performance
- Taking a governance and strategic development role
- Encouraging sharing of information within our network portfolio companies for shared learning and cooperation
- Active engagement where incidents or breaches occur and supporting recovery plans where relevant.

### **4.0 REFERENCES TO INTERNATIONAL STANDARDS SECTION**

- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles on Business and Human Rights
- International Labor Organization (ILO) standards,
- The Principles for Responsible Investment (PRI)
- Paris Agreement
- The United Nations Sustainable Development Goals (SDGs)
- United Nations Global Compact (UNGC) Principles
- IFC Performance Standards

## **5.0 HISTORICAL COMPARISON**

WSC is in the process of setting up a new SFDR article 9 fund and subsequently PAI data only exists for our WHIP Fund. The earliest historical comparison will be provided in June 2024.