



ARTICLE 9 SUSTAINABILITY- RELATED DISCLOSURES FOR ALCAZAR ENERGY PARTNERS II SLP (SCSP) FUND

Website product disclosure for financial products that have sustainable investments as their objective in accordance with Chapter IV – Section 2 of the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 and Article 10 of the Regulation (EU) 2019/2088 of 27 November 2019 (hereafter “the SFDR”)

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Article 9 statement ("Information Statement") in respect of the 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, as may be amended from time to time ("SFDR"), concerning Alcazar Energy Partners II SLP (SCSp) (the "Partnership") and other parallel vehicles (together the "Fund" or "AEP-II")

1 INTRODUCTION

The SFDR aims to provide more transparency to investors on sustainability risk integration, on the consideration of adverse sustainability impacts in the investment process and on the promotion of environmental, social and/or governance ("ESG") factors or the sustainable investment objective. The SFDR requires fund managers and investment advisors to disclose specific ESG-related information to investors on their websites.

This Information Statement has been prepared for the purpose of meeting the disclosure requirements pursuant to Article 10(1) of SFDR, that is, specifically, the website disclosure requirements applicable to the Alcazar Energy Partners II SLP (SCSp) (the "**Partnership**") and other parallel vehicles (together the "**Fund**" or "**AEP-II**") ¹.

2 INFORMATION IN ACCORDANCE WITH ARTICLE 10(1) (A) AND (B) OF THE SFDR

2.1. Summary

The Fund has "Sustainable Investments", as defined under article 2(17) of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector EU Disclosure Regulation, as its investment objective in accordance with Article 9 of the SFDR. Sustainable investment is an investment in an economic activity that:

- contributes substantially to one of the defined "environmental or social objectives", in the case of AEPII, being the environmental objective of 'climate change mitigation';
- provided that the investment does not significantly harm any environmental or social objectives and that the investee companies follow good governance practices; and
- is carried out in compliance with minimum safeguards / international standards such as the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights.

The Fund has the sustainable environmental investment objective of 'climate change mitigation' through the reduction in carbon emissions in view of achieving the long-term global warming objectives of the Paris Agreement. The sustainable investment objective is attained by investing, developing, de-risking and optimising a diversified portfolio of utility scale renewable energy projects across selected emerging markets. The investment strategy aims to capitalise on the strong and growing global demand for renewable energy assets delivering strong risk-adjusted financial returns whilst supporting new clean energy generation, energy transition goals in its target markets and sustainable development impact outcomes aligned with the Sustainable Development Goals (SDGs).

¹ All capitalized terms herein contained herein shall have the same meaning in this Information Statement as in the private placement memorandum for the Fund, unless otherwise indicated. For further details on the definitions used herein, please refer to the private placement memorandum of the Fund.

2.2. No Significant Harm to the Sustainable Investment Objective

The Fund does not and cannot make investments that would significantly harm any other environmental or social objectives, such as in energy generation with conventional fossil fuels or investments in other sectors that would impede the sustainable investment objectives, in line with [Alcazar Energy Environment & Social List of Excluded Activities](#).

Furthermore, the Fund only makes investments in pursuit of sustainable investment objectives that realise positive environmental and social impacts. The Fund ensures that its investments do 'not cause significant harm to any environmental or social sustainable investment objective' by:

- Systematically integrating ESG considerations into investment analysis, decisions making and active ownership and management of assets, from deal origination to exit strategies, as explained in the Responsible Investment Framework; and
- Considering the principal adverse impacts ("PAI") of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Fund intends to invest in renewable energy technologies which are distinct from each other hence the Fund may not to apply a standardized set of PAIs but, through detailed due diligence, may identify and prioritise PAIs for each target portfolio company on a case-by-case basis. Detailed PAI reporting will be provided in respect of the Partnership as required by SFDR.

This investment approach enables the Fund to better manage risk and to generate sustainable long-term returns but also to act in the best long-term interest of Investors and the broader interests of society as a whole. By balancing rigorous commercial and financial analysis with sound ESG practices, the Fund enables and preserves the long-term value of its infrastructure investments whilst leveraging opportunities to maximise the social and environmental benefits that the Fund's assets have the potential to bring.

Information on the Fund's principal adverse sustainability impacts and the Fund's investments alignment with 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, will be reported for the first time in 2023 in the annual reports of the Fund (subject to final approval of regulatory technical standard ²).

2.3. Sustainable Investment Objective of the Financial Product

The Fund's objective is to make investments that, in addition to financial returns, seek to have measurable positive environmental and social impacts. The Fund's investments seek to substantially contribute to a reduction in global greenhouse gas emissions and to the long-term global warming objectives of the Paris Agreement. As such, the Fund's investment mandate inherently encompasses the defined SFDR environmental objective of 'climate change mitigation'.

² Supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector with regard to regulatory technical standards specifying the content, methodologies and presentation of information in relation to sustainability indicators and the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, websites and periodic reports.

The Fund, therefore, aims to generate positive environmental impact that contributes to UN SDG 7 “Affordable and Clean Energy”, including to increase substantially the share of renewable energy in the global energy mix. The Fund has developed and applies a systematic approach and methodology in line with international guidelines for quantifying the reduction of carbon emissions (*key sustainability indicator*) for both (i) potential ‘greenfield’ assets as a measure of carbon emissions reduction the asset would realise upon operation on an ex-ante basis, and (ii) actual carbon emissions reduction the asset generates through its operation as a measure of clean energy generated and fed to the grid. The Fund considers the reduction of carbon emissions (*key sustainability indicator*) for each potential investment opportunity as part of its investment decision-making process, as early as from project sourcing stage, which allows for the attainment of the sustainable investment objective.

2.4. Investment Strategy

The Fund’s investment strategy is centred on investing, developing, de-risking and optimising renewable energy projects thus, supporting new clean energy generation and energy transition goals in its target markets. The Fund’s sustainable investments are dedicated to proven and bankable renewable energy technologies, predominantly solar PV and onshore wind assets, with an average net installed capacity of approximately 100 MW per asset. The Fund will structure its investment program such that, at the end of the Investment Period, a majority of invested capital will be deployed into investments at the greenfield development stage (both early stage (pre-permitting) and advanced stage (post-permitting)), with the remainder of invested capital being deployed into investments in construction and operation stages. The Fund will invest in selected jurisdictions with a specific renewable energy profile within the following regions: Middle East, North Africa and Turkey (MENAT); and Eastern Europe and Central Asia (EECA). The “Specific Renewable Energy Profile” of the countries in which the Fund will invest means that the countries will generally exhibit the following characteristics: (a) renewable energy cost below grid parity; (b) high energy demand and/or a transition agenda; (c) bankable regulatory framework with significant renewable energy targets; and (d) robust pipeline of actionable investment opportunities.

As per the investment strategy, the evaluation and selection process of investment opportunities is based on a fundamental and disciplined analysis of financial attractiveness, strategic relevance and non-financial attractiveness (sustainability) criteria through a proprietary ESG analysis as defined and guided by Alcazar Energy’s Environmental & Social Management System (ESMS). The ESMS also provides the framework to manage E&S aspects of all activities throughout the development, construction and operation of projects. It guides in a prescriptive manner how sound environmental, social, health and safety, quality and security management practices are to be applied across the portfolio and throughout the life of the investments. This in return enables the Fund not only to operate in a responsible, environmentally conscious, ethical and safe manner but also to maximise potential E&S benefits.

2.5. Proportion of Investments

All investments in the Fund shall be sustainable investments in accordance with Art. 2 (17) of the SFDR.

2.6. Monitoring of Sustainable Investment Objective

The investment strategy of the Fund is monitored on a regular basis throughout the lifecycle of the Fund, including the monitoring of the sustainable investment objective as well as principal adverse impacts on sustainability factors through standardized and systematic periodic assessments of sustainability performance.

The Fund operates an ESMS that provides a comprehensive well-proven toolbox and system of performance monitoring and reporting. The ESMS also allows for the identification, assessment management, and mitigation of E&S business risks which at the same time allows for ensuring compliance against the applicable ESG framework, including best practice international standards and the requirements of investors.

The ESMS is also crucial to enable continuous improvement of sustainability performance. A comprehensive set of specific ESG performance indicators are used to measure the performance of activities against identified material ESG aspects (including the sustainable investment objective) across the portfolio of projects in construction and operation. A set of KPIs that address important environmental, social, health and safety and governance aspects, and which are linked to the specific SDG targets, is also monitored. Internal targets are established for those ESG KPIs for each portfolio company, as originally established at screening stage, and are revisited if needed. This unique methodology and rigorous approach enable the Fund: (i) to measure performance against the established internal ESG targets and ensure it remains close to its sustainable development objectives; and (ii) to capture and report on its positive contribution towards the achievement of the relevant SDGs.

The Fund monitors sustainability performance, both quantitative and qualitative, of portfolio companies on monthly basis. The Fund actively engages with portfolio companies on key sustainability risks and associated mitigation activities as contemplated in any relevant Environmental & Social Action Plans also on monthly basis, to ensure targets are being met, and sustainability risks are being duly managed.

In addition, the Fund is committed to industry-leading sustainability reporting to investors on portfolio companies' performance and fund performance, with updates on a quarterly basis, and comprehensive E&S reports on an annual basis.

2.7. Methodologies

The Fund considers the reduction of carbon emissions (key sustainability indicator) for each potential investment opportunity as part of its investment decision-making process, as early as from project sourcing stage, based on an assessment for each investment for their ability to contribute positively to climate change mitigation and which allows for the attainment of the sustainable investment objective.

In addition to the methodology described in Section C and Section F above, the Fund identifies and prioritises a broad range of 'material ESG aspects' which it sees as fundamental to the long-term performance of its investment portfolio: from worker safety, diversity and inclusion, stakeholder engagement and labour practices to biodiversity conservation, social development, and business integrity. The Fund considers those 'material ESG aspects' in its investment decision-making process in the form of ESG key performance indicators (KPIs) (sustainability indicators) and establishes internal targets for each of the ESG KPIs for its investments, as shown below for example purposes.

The Fund recognises that the performance of its investments against these ESG KPIs supports the achievement of the United Nations 2030 Agenda for Sustainable Development, and of several of the SDGs for which the identified SDG-applicable targets are presented below. The ESG KPIs are supported by a comprehensive set of relevant environmental, health and safety, social and governance performance indicators which are monitored across the portfolio, for assets in construction and operation.

Environmental, Social and Governance Key Performance Indicators			
ESG KPIs	Expected Benefits	Contribution towards SDGs	
GHG Emissions Reduction	Greenhouse Gases (GHG) savings, as a measure of tons of CO ₂ e which would have otherwise been emitted to the atmosphere if generating the same amount of energy through the use of other energy sources as per the country energy mix	 	Target 7.2 Target 13.1 & 13.3
Water Savings	Water savings, as a measure of m ³ of water which would have otherwise been used if generating the same amount of energy through the use of other energy sources as per the country energy mix (deducting water usage factor for wind farms based on experience)		Target 6.4
Diversity and Inclusion	Promoting diversity by establishing a target for: i. Gender; ii. Age group; iii. Other indicators of diversity where relevant (e.g. minority or vulnerable groups, people of determination) but also facilitating the adequate environment that enables inclusion within the workforce and retention at Project level		Target 5.1 & 5.2
Stakeholder Engagement & Social Development	Tracking progress allows to ensure adequate stakeholder engagement particularly with local communities is conducted and that social development initiatives are implemented/progressed as per the established Stakeholder Engagement Plan (SEP) and Social Development and Investment Plan for the Project	 	Target 16.7 Target 2.4
Code of Ethics & Conduct and Compliance Training	Tracking of new employees being trained and existing employees receiving refresher training on the Code of Business Ethics and Conduct, Anti-bribery and Corruption and Whistleblowing Policies to ensure full understanding and commitment towards company policies and standards of conduct		Target 16.3 & 16.5
Turbine Shutdown Response Time - Wind farms	Tracking the response time from shutdown order (by avifauna observer) once bird/s enter the 'defined risk zone' to the execution of the shutdown (by the Operator) significantly reduces the risk of collision of priority and non-priority birds with turbine blades		Target 15.1 & 15.5
Training on HSE, Social and Compliance Requirements	Training provided to contracted workers on HSSE awareness as per their role in line with the Project Training Plan contributes to ensure competence against project requirements and greatly minimizes the risk of accidents, incidents, near-misses, grievances, non-conformances or non-compliances	 	Target 8.2, 8.3, 8.5 Target 4.3 & 4.4
HSE & Social Inspections	Enables the timely identification of any non-conformities against Project requirements, unsafe conditions or opportunities for improvement to minimise the risk of accidents, incidents, grievances, and ensure compliance whilst showing Employer commitment to HSE and promoting workforce involvement		Target 8.7
Total Recordable Incident Rate (TRIR)	Metrics directly indicate safety performance (i.e. measure of failure). Even though the metrics do not inform about performance in terms of prevention, can be used to identify required controls to correct and prevent the incident (elimination, substitution, engineering or administrative)		Target 8.7
Environmental Incidents	Metrics directly indicate env. performance (i.e. measure of failure). Even though the metrics do not inform about performance in terms of prevention, can be used to identify required controls to correct and prevent the incident (elimination, substitution, engineering or administrative)		Target 6.3
Grievance Recurrence	Metrics directly indicate labour and social performance (i.e. measure of failure). Even though the metrics do not inform about performance in terms of prevention, can be used to identify required systematic changes or measures to prevent recurrence	  	Target 16.7 Target 8.8 Target 5.1 & 5.2
Types of Indicator	Leading Indicator	Lagging Positive Indicator	Lagging Negative Indicator

2.8. Data Sources and Processing

The Fund relies on a combination of internal and external sources of data and information used for sustainability performance measurement, principal adverse sustainability impact statement and monitoring of the Environmental and Social Action Plan, including data from:

- Its standardized internal ESG due diligence process for potential investments;
- Directly from portfolio companies (which in return shall partially or totally obtain it from its engaged contractors). The provision of such data shall be contractually binding and included within Employer Requirements
- External data from third party providers to identify any controversy in terms of responsible business conduct (such as integrity checks and KYCs), ESG due diligence or assessments of Fund investments as well as a variety of ESG indicators and metrics against recognised international standards

The Fund processes, manages and documents the data used in its assessments and analysis and may rely on estimated data where specific required data is unavailable or incomplete.

2.9. Limitations to Methodologies and Data

The Fund relies on ESG and sustainability data directly provided by the portfolio companies. In some cases, portfolio companies may not be able to provide all requested data due to a lack of data availability or underlying collection methods or specific data points not being relevant for the specific company. In certain cases, the

Investment Advisor may rely on third-party consultants to conduct the assessments or due diligence on Portfolio Investments. Such limitation on data, third-party analysis, or research may be inaccurate, incomplete or restricted which may limit the Investment Advisor's ability to perform certain analyses that inform certain decisions and may potentially pose challenges to prove attainment of the sustainable objective and consideration of principal adverse sustainability impacts. To the extent possible, the Fund aims to standardize the process of gathering ESG data, particularly for the purposes of benchmarking against industry and/or geographic data, bearing in mind the limited availability of such data in many cases.

2.10. Due Diligence

The Fund's proprietary ESMS provides the framework to ensure ESG aspects are integrated within the mainstream investment process and a core component of the decision-making, the evaluation and monitoring of portfolio investments. The ESMS guides in a prescriptive manner how sound environmental, social, health and safety, quality and security management practices are to be applied across the portfolio and throughout the life of the investments, from the screening and due diligence of investment opportunities through to the development, construction and operation of assets.

For any new investment opportunities, whether greenfield projects or operational assets, the Fund applies both a qualitative and quantitative approach in identifying and assessing the ESG risks, opportunities and potential impacts on sustainability factors:

- At project sourcing stage, a 'negative screening' of potential investment opportunities is conducted against the 'Environmental & Social List of Excluded Activities' as well as any further excluded and restricted activities of investors.
- At screening stage, an in-house E&S due diligence exercise is conducted employing a proprietary ESG screening tool. This entails a high-level assessment to identify any potential environmental, social, health & safety and governance risks and issues associated with the investment opportunity. Each prospective investment is also screened to identify how the project could potentially and most significantly result on ESG benefits and contribute towards the UN SDGs. The outcome is presented to the Investment Committed to inform the business decision.
- At early development stage, a full E&S due diligence of investment opportunities is conducted building on the findings of the E&S screening, both in-house, through a proprietary ESG due diligence tool, and externally through an independent specialized E&S advisor. As part of the assessment, an Action Plan is prepared detailing the different potential risks from environmental, health and safety, social, and business integrity issues, risk levels and associated management measures and controls required to bring the risk to acceptable levels. The outcome is presented to the Investment Committed to inform the business decision.

The ESMS is developed in line with best practice principles, standards and guidelines, including but not limited:

- United Nations (UN) Guiding Principles on Business and Human Rights;
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises;
- International Labour Organization (ILO) instruments including Conventions and Recommendations, Codes of Practice and Guidelines, specifically but not limited to ILO Fundamental Conventions and ILO Declaration on Fundamental Rights and Principles at Work and the International Bill of Human Rights;
- Principles underpinning the Sustainable Development Goals (SDGs) and the Ten Principles to the United Nations Global Compact (UNGC);

- UN Principles for Responsible Investment (PRI);
- UN Women Empowerment Principles (WEPs);
- Taskforce on Climate-related Financial Disclosures (TCFD);
- International Standards of good practice: ISO 9001:2015 on Quality Management; ISO 14001:2015 on Environmental Management; and ISO 45001:2018 on Occupational Health and Safety Management; and
- Environmental and Social Standards of leading Development Financial Institutions (DFIs) and Multilateral Development Banks (MDBs).

2.11. Engagement Policies

The Fund understand that engagement with portfolio companies, particularly on ESG topics and sustainability factors, is crucial for the suitable identification, assessment, and management of ESG risks, for monitoring ESG performance and progress against established E&S Action Plans, being able to evaluate compliance, and ultimately ensuring long-term sustainability and attainment of the sustainable investment objectives. The Fund has full control over Man Cos and Project Companies which facilitates and enables the effective on ESG topics and sustainability factors.

The Fund will comply with the engagement process as outlined in the AIFM's Portfolio Management Policy.

2.12. Attainment of the Sustainable Investment Objective

The Fund has no index as reference benchmark for its investment activities designated for the purpose of attaining the sustainable investment objective of the financial product.

3 INFORMATION IN ACCORDANCE WITH ARTICLE 10(1) (D) OF THE SFDR

Article 10(1) (d) refers to information referred in Article 11 on ‘Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports’ being publications required in periodic reports. Please see “Article 9 Periodic Disclosure” attached.



EUROPEAN
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ANNEX 5

ANNEX

to the

Commission Delegated Regulation (EU) .../....

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

Alcazar Energy Partners II SLP (SCSp) Fund

Legal entity identifier:

N/A

Sustainable investment objective

Did this financial product have a sustainable investment objective?



Yes



It made **sustainable investments with an environmental objective**: 0% *



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It made **sustainable investments with a social objective**: ____%



No



It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promoted E/S characteristics, but **did not make any sustainable investments**

* No investments were conducted during the reference period (11th November to 31st December 2022) and the Fund had no assets under management by the end of the reference period. For the avoidance of doubt, the Fund did not conduct any investments which were not sustainable and/or without an environmental objective



To what extent was the sustainable investment objective of this financial product met?

The objective of the Fund is to have "Sustainable Investments", as defined under article 2(17) of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector EU Disclosure Regulation, and in accordance with Article 9 of the SFDR. The Fund has the sustainable environmental investment objective of 'climate change mitigation' (as defined by SFDR) through contribution to the reduction in global greenhouse gas emissions. The Fund, therefore, aims to generate positive environmental impact that contributes to UN Sustainable Development Goal (SDG) 7

“Affordable and Clean Energy”, including to increase substantially the share of renewable energy in the global energy mix.

The sustainable investment objective will be attained in 2023 by investing, developing, de-risking and optimising a diversified portfolio of utility scale renewable energy assets across selected emerging markets. The continued effort of attaining the objective of reducing carbon emissions is ensured through the Fund’s investment strategy and associated investment criteria, particularly (i) the proven and bankable renewable energy target technologies, and (ii) the target countries with a nascent renewable energy industry, amongst other investment criteria.

The Fund was however established on 11th November 2022, no investments were conducted during the reference period (11th November to 31st December 2022) and the Fund had no assets under management by the end of the reference period.

● **How did the sustainability indicators perform?**

The Fund considers the reduction of carbon emissions as its key sustainability indicator. The Fund considers the reduction of carbon emissions for each potential investment as part of its decision-making process, as early as from project origination stage, which allows for the attainment of the sustainable investment objective. The Fund developed and applies a systematic approach and methodology in line with international guidelines^{1,2} for quantifying the reduction of carbon emissions for both (i) potential ‘greenfield’ assets as a measure of carbon emissions reduction the asset would realise upon operation on an ex-ante basis, and (ii) actual carbon emissions reduction the asset generates through its operation as a measure of clean energy generated.

The Fund has also developed a comprehensive set of specific ESG performance indicators which are used to measure the performance of activities against identified material ESG aspects (including the sustainable investment objective) across the portfolio of assets in development, construction and operation. A set of KPIs that address important environmental, social, health and safety and governance aspects, and which are linked to the specific SDG targets, is also monitored. This unique methodology and rigorous approach enable the Fund: (i) to measure performance against the established internal ESG targets and ensure it remains close to its sustainable development objectives; and (ii) to capture and report on its positive contribution towards the achievement of the relevant SDGs.

As mentioned, the Fund had no assets under management by the end of the reference period (31st December 2022), hence the performance of sustainability indicators for investments was not measured.

● **...and compared to previous periods?**

No previous periodic report has been provided by the Fund.

¹ International Financial Institutions (IFI) Framework for a Harmonised Approach to Greenhouse Gas Accounting - IFIs - Harmonization of Standards for GHG accounting | UNFCCC

² GHG Protocol for Project Accounting - Project Protocol | Greenhouse Gas Protocol (ghgprotocol.org)

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How did the sustainable investments not cause significant harm to any sustainable investment objective?**

The Fund does not and cannot make investments that would significantly harm any other environmental or social objectives, such as in energy generation with conventional fossil fuels or investments in other sectors that would impede the sustainable investment objectives, in line with [Alcazar Energy Environment & Social List of Excluded Activities](#).

Furthermore, the Fund only makes investments in pursuit of sustainable investment objectives that realise positive environmental impacts. The Fund ensures that its investments do 'not cause significant harm to any environmental or social sustainable investment objective' by:

- Systematically integrating ESG considerations into investment analysis, decisions making and active ownership and management of assets, from deal origination to exit strategies; and*
- Considering the principal adverse impacts ("PAI") of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters, this includes all mandatory PAI indicators and relevant optional ones as set in Table I of Annex I of the Regulatory Technical Standards (RTS)³ and relevant indicators in Tables 2 and 3 of Annex I.*

The Fund applied the above-described measures during the reference period with regards to potential investment opportunities under consideration (i.e. deal origination), however no investments were conducted by the Fund during the reference period (11th November to 31st December 2022).

— **How were the indicators for adverse impacts on sustainability factors taken into account?**

The indicators for adverse impacts on sustainability factors are taken into account through a proprietary ESG analysis as defined and guided by the Fund's Environmental & Social Management System (ESMS). The ESMS provides the framework to analyse the non-financial attractiveness (or sustainability) of potential investment opportunities but also the framework to identify, assess and manage environmental and social, as well as governance, aspects across the portfolio of assets and throughout the life of the investments (including development, construction and operation stages). The ESMS is also an essential tool for the Fund to enable compliance against the applicable ESG framework, including best practice international standards and the requirements of investors.

The ESMS is also crucial to enable continuous improvement of sustainability performance. A comprehensive set of specific ESG performance indicators are used to measure the performance of activities against identified material ESG aspects (including the sustainable investment objective) across the portfolio of projects in construction and operation. A set of KPIs that address important environmental, social, health and safety

³ [C 2022 1931 1 EN annexe acte autonome part1 v6.pdf \(europa.eu\)](#)

and governance aspects, and which are linked to the specific SDG targets, is also monitored. Internal targets are established for those ESG KPIs for each portfolio company, as originally established at screening stage, and are revisited if needed. This unique methodology and rigorous approach enable the Fund: (i) to measure performance against the established internal ESG targets and ensure it remains close to its sustainable development objectives; and (ii) to capture and report on its positive contribution towards the achievement of the relevant SDGs.

The Fund applied the ESMS during the reference period with regards to potential investment opportunities under consideration (i.e. deal origination), however no investments were conducted by the Fund during the reference period (11th November to 31st December 2022).

— Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The alignment of the Fund's sustainable investments with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights⁴ is guided by the implementation of the Fund's ESMS across the portfolio of assets, from the screening and due diligence of potential investment opportunities through to the development, construction and operation of assets. For potential investment opportunities specific considerations are taken during environmental and social, legal and compliance due diligence. For assets under management, the Fund has full control over Man Cos and Project Companies which facilitates and enables the effective management and control of sustainability factors. In addition, specific contractual requirements, monitoring measures and remedial mechanisms are put in place as guided by the ESMS to facilitate with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.



How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters are taken into account through a proprietary ESG analysis as defined and guided by the Fund's ESMS. As per the investment strategy, the evaluation and selection process of investment opportunities is based on a fundamental and disciplined analysis of financial attractiveness and strategic relevance but also non-financial attractiveness (or sustainability) of such investment opportunities.

The ESMS is also crucial to enable continuous improvement of sustainability performance. A comprehensive set of specific ESG performance indicators are used to measure the performance of activities against identified material ESG aspects (including the sustainable investment objective) across the portfolio of projects in construction and operation. A set of KPIs that address important environmental, social, health and safety and governance

⁴ 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

aspects, and which are linked to the specific SDG targets, is also monitored. Internal targets are established for those ESG KPIs for each portfolio company, as originally established at screening stage, and are revisited if needed. This unique methodology and rigorous approach enable the Fund: (i) to measure performance against the established internal ESG targets and ensure it remains close to its sustainable development objectives; and (ii) to capture and report on its positive contribution towards the achievement of the relevant SDGs.

The Fund applied the ESMS during the reference period with regards to potential investment opportunities under consideration (i.e. deal origination), however no investments were conducted by the Fund during the reference period (11th November to 31st December 2022).



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
<i>No investments during the reference period</i>	<i>None</i>	<i>None</i>	<i>None</i>

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 11th November to 31st December 2022



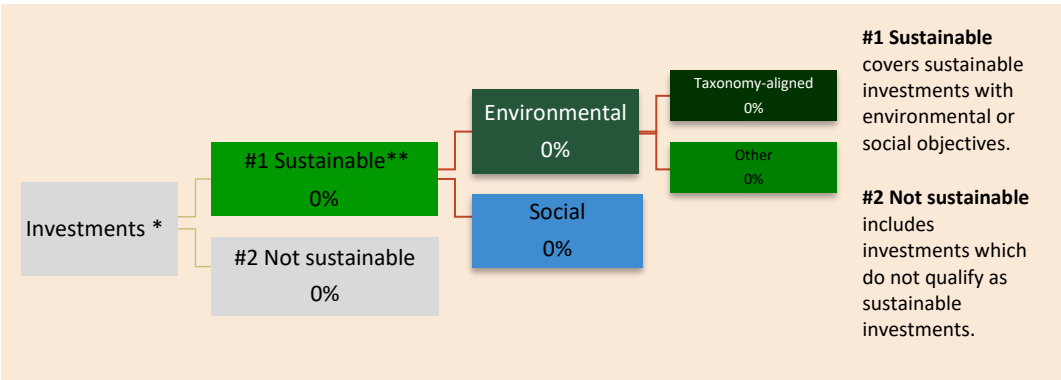
What was the proportion of sustainability-related investments?

No investments were conducted during the reference period (11th November to 31st December 2022) and the Fund had no assets under management by the end of the reference period, therefore there was no proportion of investments.

● What was the asset allocation?

No investments were conducted during the reference period (11th November to 31st December 2022) and the Fund had no assets under management by the end of the reference period, therefore there was no asset allocation and no share of investments in specifics assets presented below.

Asset allocation
describes the share
of investments in
specific assets.



* For the avoidance of doubt, the Fund did not conduct any investments which were not sustainable and/or without an environmental objective
** Sustainable (excluding cash at bank)

● **In which economic sectors were the investments made?**

No investments were conducted during the reference period (11th November to 31st December 2022) and the Fund had no assets under management by the end of the reference period.



To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy⁵?**

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The Fund does not commit to making a minimum proportion of investments which qualify as environmentally sustainable economic activities under Article 3 of the Taxonomy Regulation (and therefore the minimum proportion of the Fund's underlying investments in environmentally sustainable economic activities at the time of pre-contractual disclosure was zero per cent).

The Fund had no assets under management by the end of the reference period. The minimum share of sustainable investments (if any) that take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy and meet the

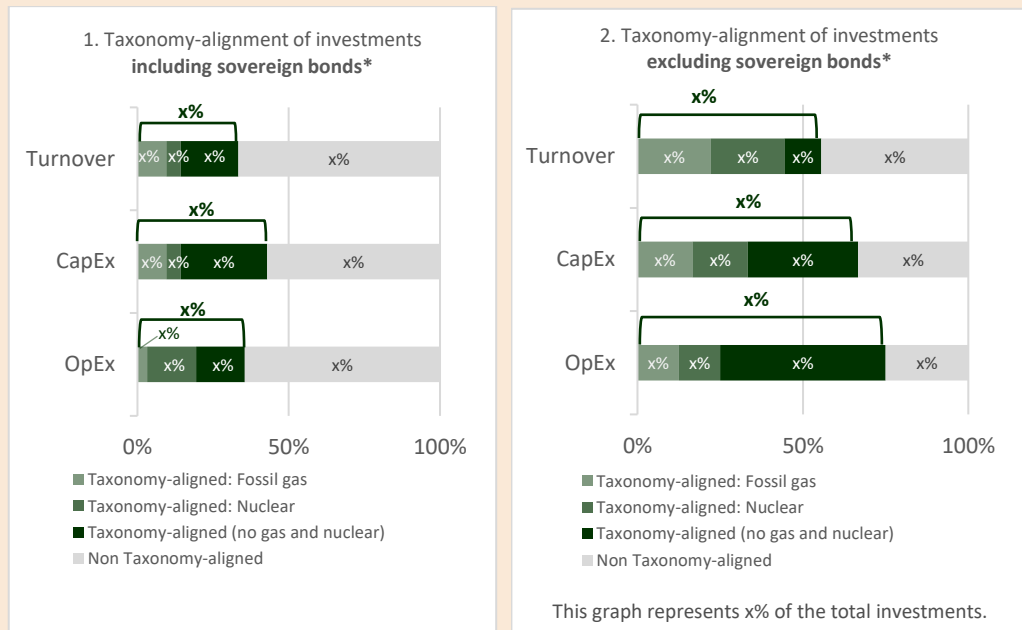
⁵ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Technical Screening Criteria (if any) shall be provided once investments are materialised and through future periodic disclosures.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

** **Not Applicable** - No investments were conducted during the reference period (11th November to 31st December 2022) and the Fund had no assets under management by the end of the reference period. For the avoidance of doubt, the Fund did not conduct any investments in fossil and/or nuclear and/or Taxonomy aligned (no gas and nuclear) and/or Non Taxonomy aligned.

What was the share of investments made in transitional and enabling activities?

As per Article 16 of the Regulation (EU) 2020/852, 'Enabling Activities' are economic activities that contribute substantially to one or more of the environmental objectives set out in Article 9 by directly enabling other activities to make a substantial contribution to one or more of those objectives, provided that such economic activity (a) does not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets; and (b) has a substantial positive environmental impact, on the basis of life-cycle considerations.

The proportion of Fund's investments in environmentally sustainable economic activities shall be 100 per cent, as per the Fund's investment mandate. The Fund, however, had no assets under management by the end of the reference period.

How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?

No previous periodic report has been provided by the Fund.



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

The Fund had no assets under management by the end of the reference period. The minimum share of sustainable investments (if any) that take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy and meet the Technical Screening Criteria (if any) shall be provided once investments are materialised and through future periodic disclosures.



What was the share of socially sustainable investments?

The sustainable investment objective of the Fund is an environmental objective, not a social objective.



What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

The Fund targets sustainable investments with an environmental objective being the reduction of carbon emissions. Hence no investments are expected to be included under “#2 Not sustainable” not considering cash at bank and with the exception of any derivatives used for hedging (if any).



What actions have been taken to attain the sustainable investment objective during the reference period?

The Fund understands that engagement with portfolio companies, particularly on ESG topics and sustainability factors, is crucial to evaluate compliance, and ultimately ensuring long-term sustainability and attainment of the sustainable investment objective. The Fund, however, had no assets under management, so no portfolio companies, by the end of the reference period.



How did this financial product perform compared to the reference sustainable benchmark?

The Fund has no index as reference benchmark for its investment activities designated for the purpose of attaining the sustainable investment objective of the financial product.

How did the reference benchmark differ from a broad market index?

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?***

Not applicable

- ***How did this financial product perform compared with the reference benchmark?***

Not applicable

- ***How did this financial product perform compared with the broad market index?***

Not applicable

4 INFORMATION IN ACCORDANCE WITH ARTICLE 10(1) (D) OF THE SFDR

Please see “Article 9 Pre-Contractual Disclosure” attached.

Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 3

ANNEX

to the

Commission Delegated Regulation (EU) .../...

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX III

Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name:

Alcazar Energy Partners II SLP (SCSp) Fund

Legal entity identifier:

N/A

Sustainable investment objective

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective: 100 %**



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective: ____%**



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



What is the sustainable investment objective of this financial product?

The Alcazar Energy Partners II SLP (SCSp) (the "Partnership")¹ has the following sustainable investment objective: climate change mitigation through the reduction in carbon emissions

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

¹ The Partnership and other parallel vehicles together are referred to as the "Fund" or "AEP-II". The Partnership is an AIF for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD"). The alternative investment fund manager ("AIFM") is authorised in Luxembourg as an AIFM under the AIFM Law and has been authorised to manage the Partnership pursuant to the AIFMD. The General Partner (GP) is the investment adviser to the AIFM (the "Investment Adviser") and Alcazar Energy Management Services Limited provides advisory services to the Investment Adviser (the "GP Adviser"), collectively referred as Alcazar Energy.

in view of achieving the long-term global warming objectives of the Paris Agreement. The sustainable investment objective is attained by investing in a diversified portfolio of utility scale renewable energy projects across selected emerging markets, The strategy is primarily focused on power generation via solar photovoltaics (Solar PV) and onshore wind but may also consider selectively energy storage and other specified renewable generation sectors. The Fund will seek to build a diversified portfolio of 9 to 15 Portfolio Companies.

No EU Climate Transition Benchmark or EU Paris-aligned Benchmark as qualified in accordance with Regulation (EU) 2016/1011 is available. Hence, no index has been designated as a reference benchmark for the Fund or the Fund's investments.

The continued effort of attaining the objective of reducing carbon emissions is ensured through the Fund's investment strategy and associated investment criteria, particularly (i) the proven and bankable renewable energy target technologies, and (ii) the target countries with a nascent renewable energy industry, amongst other investment criteria. The Fund's sustainable investments in solar PV and onshore wind will represent 75 per cent of its commitments as a minimum. Furthermore, the Fund has defined the activities that will not knowingly engage in, directly or indirectly, through its investments. The Environmental & Social List of Excluded Activities is aligned with the excluded activities defined by international Development Financial Institutions (DFIs) as well as with the European Development Finance Institution (EDFI) Principles for Responsible Finance. The excluded activities on environmental and social grounds include, but are not limited to, projects or activities (i) that involve harmful or exploitative forms of forced labour and child labour, (ii) that impinge on the lands owned, occupied, or claimed under adjudication, by recognised Indigenous Peoples (iii) that entail involuntary resettlement of individuals, households or communities, (iv) that result in unacceptable environmental and social impacts in and within environmentally protected areas of ecological significance, critical habitats of high conservation value, or cultural heritage or archaeological sites, and (v) other ethical or morally controversial activities. For full details, please refer to Alcazar Energy's Environmental & Social List of Excluded Activities (available [here](#)).

The relative extent to which the Fund complies with the methodological requirements set out in Commission Delegated Regulation (EU) 2020/1818² is limited to the fact that the methodology for quantifying the reduction of carbon emissions is in line with the common principles and guidelines of the International Financial Institutions (IFI) Framework for a Harmonised Approach to Greenhouse Gas Accounting³ as well as the GHG Protocol for Project Accounting⁴.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

The Fund has developed and applies a systematic approach and methodology in line with international guidelines for quantifying the reduction of carbon emissions (key sustainability indicator) for both (i) potential 'greenfield' assets as a measure of carbon emissions reduction the asset would realise upon operation on an ex-ante basis, and (ii) actual carbon emissions

² [Commission Delegated Regulation \(EU\) 2020/1818 of 17 July 2020 supplementing Regulation \(EU\) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks](#)

³ [IFIs - Harmonization of Standards for GHG accounting | UNFCCC](#)

⁴ [Project Protocol | Greenhouse Gas Protocol \(ghgprotocol.org\)](#)

reduction the asset generates through its operation as a measure of clean energy generated and fed to the grid. The Fund considers the reduction of carbon emissions (key sustainability indicator) for each potential investment opportunity as part of its investment decision-making process, as early as from project sourcing stage, which allows for the attainment of the sustainable investment objective.

Additionally, the Fund identifies and prioritises a broad range of ‘material ESG aspects’ which it sees as fundamental to the long-term performance of its investment portfolio: from worker safety, diversity and inclusion, stakeholder engagement and labour practices to biodiversity conservation, social development and business integrity. The Fund considers those ‘material ESG aspects’ in its investment decision-making process in the form of ESG key performance indicators (KPIs) (sustainability indicators) and establishes internal targets for each of the ESG KPIs for its investments, as shown below for example purposes.

The Fund recognises that the performance of its investments against these ESG KPIs supports the achievement of the United Nations 2030 Agenda for Sustainable Development, and of several of the Sustainable Development Goals (SDGs) for which the identified SDG-applicable targets are presented below.

The ESG KPIs are supported by a comprehensive set of relevant environmental, health and safety, social and governance performance indicators which are monitored across the portfolio, for assets in construction and operation. This unique methodology and rigorous approach enable Alcazar Energy: (i) to measure performance against the established internal ESG targets and ensure it remains close to its sustainable development objectives; and (ii) to capture and report on its positive contribution towards the achievement of the relevant SDGs.

Environmental, Social and Governance Key Performance Indicators			
ESG KPIs	Expected Benefits	Contribution towards SDGs	
GHG Emissions Reduction	Greenhouse Gases (GHG) savings, as a measure of tons of CO ₂ e which would have otherwise been emitted to the atmosphere if generating the same amount of energy through the use of other energy sources as per the country energy mix	 	Target 7.2 Target 13.1 & 13.3
Water Savings	Water savings, as a measure of m ³ of water which would have otherwise been used if generating the same amount of energy through the use of other energy sources as per the country energy mix (deducting water usage factor for wind farms based on experience)		Target 6.4
Diversity and Inclusion	Promoting diversity by establishing a target for: i. Gender; ii. Age group; iii. Other indicators of diversity where relevant (e.g. minority or vulnerable groups, people of determination) but also facilitating the adequate environment that enables inclusion within the workforce and retention at Project level		Target 5.1 & 5.2
Stakeholder Engagement & Social Development	Tracking progress allows to ensure adequate stakeholder engagement particularly with local communities is conducted and that social development initiatives are implemented/progressed as per the established Stakeholder Engagement Plan (SEP) and Social Development and Investment Plan for the Project	 	Target 16.7 Target 2.4
Code of Ethics & Conduct and Compliance Training	Tracking of new employees being trained and existing employees receiving refresher training on the Code of Business Ethics and Conduct, Anti-bribery and Corruption and Whistleblowing Policies to ensure full understanding and commitment towards company policies and standards of conduct		Target 16.3 & 16.5
Turbine Shutdown Response Time - Wind farms	Tracking the response time from shutdown order (by avifauna observer) once bird/s enter the ‘defined risk zone’ to the execution of the shutdown (by the Operator) significantly reduces the risk of collision of priority and non-priority birds with turbine blades		Target 15.1 & 15.5
Training on HSE, Social and Compliance Requirements	Training provided to contracted workers on HSE awareness as per their role in line with the Project Training Plan contributes to ensure competence against project requirements and greatly minimizes the risk of accidents, incidents, near-misses, grievances, non-conformances or non-compliances	 	Target 8.2, 8.3, 8.5 Target 4.3 & 4.4
HSE & Social Inspections	Enables the timely identification of any non-conformities against Project requirements, unsafe conditions or opportunities for improvement to minimise the risk of accidents, incidents, grievances, and ensure compliance whilst showing Employer commitment to HSE and promoting workforce involvement		Target 8.7
Total Recordable Incident Rate (TRIR)	Metrics directly indicate safety performance (i.e. measure of failure). Even though the metrics do not inform about performance in terms of prevention, can be used to identify required controls to correct and prevent the incident (elimination, substitution, engineering or administrative)		Target 8.7
Environmental Incidents	Metrics directly indicate env. performance (i.e. measure of failure). Even though the metrics do not inform about performance in terms of prevention, can be used to identify required controls to correct and prevent the incident (elimination, substitution, engineering or administrative)		Target 6.3
Grievance Recurrence	Metrics directly indicate labour and social performance (i.e. measure of failure). Even though the metrics do not inform about performance in terms of prevention, can be used to identify required systematic changes or measures to prevent recurrence	  	Target 16.7 Target 8.8 Target 5.1 & 5.2
Type of Indicator	Leading Indicator	Lagging Positive Indicator	Lagging Negative Indicator

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

The EU Sustainable Financial Disclosure Regulation (SFDR) defines ‘sustainable investment’ as an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance’.

The Fund’s objective is to make investments that, in addition to financial returns, seek to have measurable positive environmental and social impacts. The Fund’s investments seek to substantially contribute to a reduction in global greenhouse gas emissions and to the long-term global warming objectives of the Paris Agreement. As such, the Fund’s investment mandate inherently encompasses the defined SFDR environmental objective of ‘climate change mitigation’.

The Fund does not and cannot make investments that would significantly harm any other environmental or social objectives, such as in energy generation with conventional fossil fuels or investments in other sectors that would impede the sustainable investment objectives, in line with Alcazar Energy Environment & Social List of Excluded Activities.

Furthermore, the Fund only makes investments in pursuit of sustainable investment objectives that realise positive environmental and social impacts. The Fund ensures that its investments do ‘not cause significant harm to any environmental or social sustainable investment objective’ by systematically integrating ESG considerations into investment analysis, decisions making and active ownership and management of assets, from deal origination to exit strategies. This long-term focused investment approach enables the Fund to better manage risk and to generate sustainable long-term returns but also to act in the best long-term interest of Investors and the broader interests of society as a whole. By balancing rigorous commercial and financial analysis with sound ESG practices, the Fund enables and preserves the long-term value of its infrastructure investments whilst leveraging opportunities to maximise the social and environmental benefits that the Fund’s assets have the potential to bring.

— — **How have the indicators for adverse impacts on sustainability factors been taken into account?**

‘Principal Adverse Impacts’ are any negative impacts or effects that investment decisions could have on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The consolidated Draft Regulatory Technical Standards present a ‘Template Principal Adverse Sustainability Impacts

Statement”⁵ which contains a series of adverse sustainability indicators applicable to investments in investee companies and that describe principle adverse impacts on sustainability factors. This includes (i) climate and other environment-related indicators, and (ii) social and employee, respect for human rights, anti-corruption and anti-bribery related indicators.

These indicators are part of a comprehensive and wider set of relevant environmental, health and safety, social and governance performance indicators systematically monitored, gathered and reported at portfolio investment level through Alcazar Energy’s integrated and proprietary Environmental & Social Management System (ESMS).

These indicators shall be included in a ‘Principal Adverse Impacts Statement’ for the first reference period of the Fund’s investments. The ‘Principal Adverse Impacts Statement’ shall demonstrate “how and to what extent” the Fund’s investments are environmentally sustainable.

— — How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

The Fund follows a responsible investment approach in line with best practice principles, standards and guidelines of the:

- United Nations (UN) Guiding Principles on Business and Human Rights;
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises; and
- International Labour Organization (ILO) instruments including Conventions and Recommendations, Codes of Practice and Guidelines, specifically but not limited to ILO Fundamental Conventions and ILO Declaration on Fundamental Rights and Principles at Work and the International Bill of Human Rights.

The Guiding Principles on Business and Human Rights are founded on three pillars, one of which is ‘the corporate responsibility to protect human rights’. To that end, Alcazar Energy has measures in place aligned with the standard of conduct for corporates, including:

- A statement of the policy commitment to respect human rights. This is included in Alcazar Energy’s Social Policy (available [here](#));
- A human rights due diligence process to assess the actual and potential human rights impacts of its investments, integrate the findings and take action to prevent or mitigate potential impacts, and track and communicate their performance. This is facilitated through Alcazar Energy’s ESMS developed in line with good international industry practice (GIIP) that enables effective management and continuous improvement of the social performance of the Fund’s investments and which implementation contributes to determining operational, strategic and investment decisions;

⁵ [Annex-I supplementing Regulation \(EU\) 2019/2088 with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts](#)

- Processes to provide or enable remedy to those harmed, in the event that the Fund's associated activities cause or contribute to a negative impact. Alcazar Energy has a grievance mechanism procedure and platform for receiving and addressing any concerns about Alcazar Energy's environmental & social performance from stakeholders (available [here](#)).

The OECD Guidelines for Multinational Enterprises provide voluntary principles and standards for responsible business conduct consistent with applicable laws and internationally recognised standards. The Guidelines recommend that enterprises conduct due diligence in order to identify, prevent or mitigate and account for how actual and potential adverse impacts of their operations, supply chains and other business relationships.

As a sustainable infrastructure fund operating in emerging markets, Alcazar Energy recognises its responsibility to contribute to the progress of society, the respect of the internationally recognised human rights, the protection of the environment, the sustainability of the broader economy, and the integrity and transparency of markets. Alcazar Energy implements a robust system of risk-based due diligence for responsible business conduct in line with the principles of the OECD Guidelines, incorporating ESG considerations into the way it selects, finances, delivers and operates its infrastructure assets in the same balanced way it considers other key risks which determine an investment's performance. At policy level, Alcazar Energy's Code of Ethics & Business Conduct and Alcazar Energy Sustainability Policies (available [here](#)) embed and promote responsible business conduct. At operational level, the due diligence process is guided by a series of relevant procedures within the ESMS that direct (i) the identification and assessment of adverse impacts in its operations, supply chains and business relations, (ii) the mitigation and control of adverse impacts, (iii) the monitoring of the implementation of such measures, and (iv) the reporting and communication of how adverse impacts are addressed.

In addition, the ESMS enables the sustainable investments to be aligned with best international practice including but not limited to the below principles, standards and requirements:

- Principles underpinning the Sustainable Development Goals (SDGs) and the Ten Principles to the United Nations Global Compact (UNGC);
- UN Principles for Responsible Investment (PRI);
- UN Women Empowerment Principles (WEPs);
- Taskforce on Climate-related Financial Disclosures (TCFD);
- International Standards of good practice: ISO 9001:2015 on Quality Management; ISO 14001:2015 on Environmental Management; and ISO 45001:2018 on Occupational Health and Safety Management; and

Environmental and Social Standards of leading DFIs and Multilateral Development Banks (MDBs).



Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes

☐ No

Article 4 of the SFDR requires financial market participants to make a clear statement as to whether or not they consider the 'Principal Adverse Impacts' of investment decisions on sustainability factors.

The GP Adviser will consider the adverse impacts of investment decisions on sustainability factors in the manner prescribed by Article 4 of the Disclosure Regulation, and accordingly will identify, assess and monitor information relevant to a variety of environmental and social adverse impacts of any investment decision through its ESMS, including but not limited to:

- environmental impacts such as GHG emissions, energy performance, impacts on biodiversity, water usage, waste generation; and
- social impacts such as labour and working conditions, gender diversity and inclusion, human rights and risk of modern slavery practices.

These indicators shall be included in a 'Principal Adverse Impacts Statement' for the first reference period of the Fund's investments. The 'Principal Adverse Impacts Statement' shall demonstrate "how and to what extent" the Fund's investments are environmentally sustainable.



What investment strategy does this financial product follow?

The Fund's investment strategy is centered on investing, developing, de-risking and optimising renewable energy projects thus, supporting new clean energy generation and energy transition goals in its target markets. The Fund's sustainable investments are dedicated to proven and bankable renewable energy technologies, predominantly solar PV and onshore wind assets, with an average net installed capacity of approximately 100 MW per asset. The Fund will structure its investment program such that, at the end of the Investment Period, a majority of invested capital will be deployed into investments at the greenfield development stage (both early stage (pre-permitting) and advanced stage (post-permitting)), with the remainder of invested capital being deployed into investments in construction and operation stages. The Fund will invest in selected jurisdictions with a specific renewable energy profile within the following regions: Middle East, North Africa and Turkey (MENAT); and Eastern Europe and Central Asia (EECA). The "Specific Renewable Energy Profile" of the countries in which the Fund will invest means that the countries will generally exhibit the following characteristics: (a) renewable energy cost below grid parity; (b) high energy demand and/or a transition agenda; (c) bankable regulatory framework with significant renewable energy targets; and (d) robust pipeline of actionable investment opportunities. As per the investment strategy, the evaluation and selection process of investment opportunities is based on a fundamental and disciplined analysis of financial attractiveness, strategic relevance and non-financial attractiveness (sustainability) criteria through a proprietary ESG analysis as defined and guided by Alcazar Energy's ESMS. The ESMS also provides the framework to manage E&S aspects of all activities throughout the development, construction and operation of projects. It guides in a prescriptive manner how

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

sound environmental, social, health and safety, quality and security management practices are to be applied across the portfolio and throughout the life of the investments. This in return enables Alcazar Energy Partners not only to operate in a responsible, environmentally conscious, ethical and safe manner but also to maximise potential E&S benefits.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The Fund has defined the activities that will not knowingly engage in, directly or indirectly, through its investments, as per Alcazar Energy's Environmental & Social List of Excluded Activities.

The Fund also avoids any investments in entities or assets that are in breach of the principles and standards of the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, ILO instruments including Conventions and Recommendations, Codes of Practice and Guidelines, the Ten Principles to the UNGC and principles, standards and requirements of national and international norms as well as international best practice as per Alcazar Energy's Responsible Investment Framework.

● **What is the policy to assess good governance practices of the investee companies?**

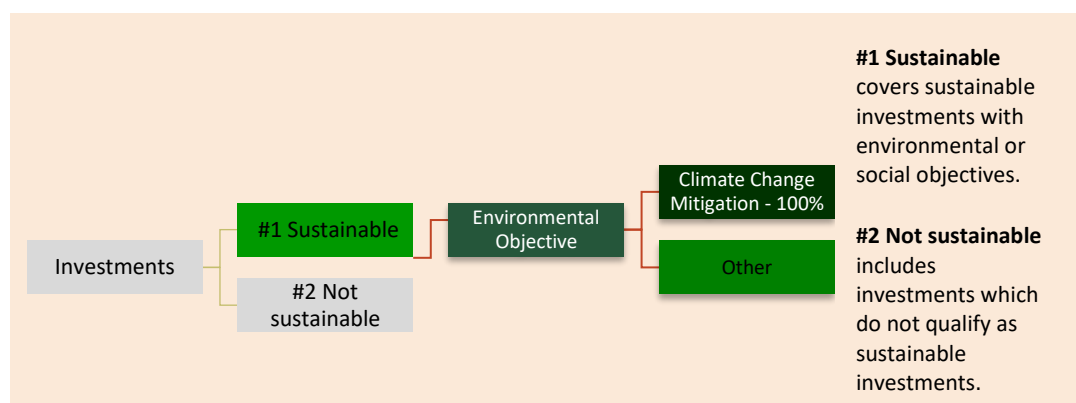
The Fund's commitment to the value of governance is embodied and communicated in a set of comprehensive corporate policies, including but not limited to the Code of Business Ethics and Conduct, the Compliance Manual, the Anti-Bribery and Corruption Policy, Anti-money Laundering Manual, and the HR Policies and Procedures.

The Fund will consider the good governance practices of investee companies. The Fund considers "good governance" in accordance with established industry-wide standards, including (but not limited to) those good governance criteria established under the SFDR as being: sound management structures, employee remuneration, employee relations and tax compliance ("Good Governance Standards"). In practice, the Good Governance Standards of the underlying investee company will primarily be assessed as part of the Fund's due diligence process when considering an investment and on an ongoing basis throughout the life of the investment.



What is the asset allocation and the minimum share of sustainable investments?

Asset allocation describes the share of investments in specific assets.



The Fund targets sustainable investments with an environmental objective being the reduction of carbon emissions. Hence, 100 per cent of the investments are expected to be included under “#1 Sustainable” with the exception of any derivatives used for hedging which if the case would be considered “#2 Not Sustainable”.

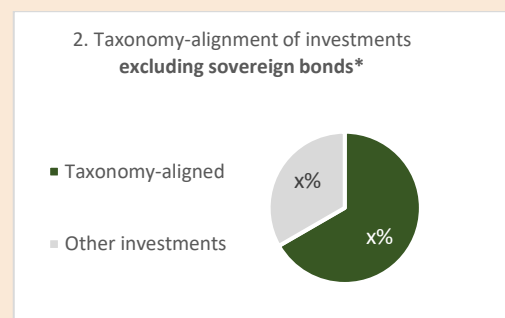
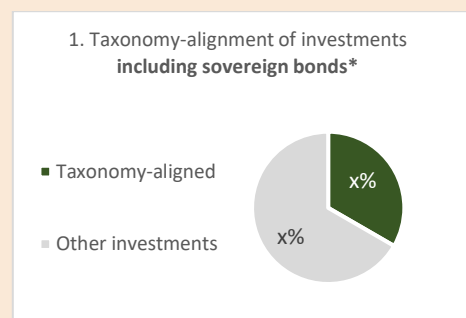
● **How does the use of derivatives attain the sustainable investment objective?**

The Fund may utilise certain derivative instruments for hedging purposes to protect against declines in the value of assets as a result of changes in currency exchange rates. However, even if used primarily for hedging purposes, the prices of derivative instruments are highly volatile, and acquiring or selling such derivative instruments involves certain leveraged risks. The use of derivatives may therefore have a material adverse effect on the performance of the Fund and its business, financial condition and/or operating results, and the ability of the Fund to achieve its target return but it is not expected to have an impact in achieving the sustainable investment objective.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

As currently the Fund does not have active investments, the alignment of sustainable investments with the EU Taxonomy is unknown. The Fund does not commit to making a minimum proportion of investments which qualify as environmentally sustainable economic activities under Article 3 of the Taxonomy Regulation (and therefore the minimum proportion of the Fund's underlying investments in environmentally sustainable economic activities will be zero per cent).

The minimum share of sustainable investments (if any) that take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy and meet the Technical Screening Criteria (if any) shall be provided once investments are materialised and through periodic disclosures.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the minimum share of investments in transitional and enabling activities?**

As per Article 16 of the Regulation (EU) 2020/852, ‘Enabling Activities’ are economic activities that contribute substantially to one or more of the environmental objectives set out in Article 9 by directly enabling other activities to make a substantial contribution to one or more of those objectives, provided that such economic activity (a) does not lead to a lock-in of assets that undermine long-term environmental goals, considering the economic lifetime of those assets; and (b) has a substantial positive environmental impact, on the basis of life-cycle considerations. The proportion of Fund’s investments in environmentally sustainable economic activities shall be 100 per cent.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy

As currently the Fund does not have active investments, the alignment of sustainable investments with the EU Taxonomy is unknown. At this stage, the Fund does not commit to a minimum percentage of sustainable investments being aligned with the EU Taxonomy. The minimum share of sustainable investments (if any) that do not meet the criteria for environmentally sustainable economic activities under the EU Taxonomy and/or the Technical Screening Criteria shall be provided once investments are materialised and through periodic disclosures.



What is the minimum share of sustainable investments with a social objective?

The sustainable investment objective of the Fund is an environmental objective, not a social objective.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The Fund targets sustainable investments with an environmental objective being the reduction of carbon emissions. Hence no investments are expected to be included under “#2 Not sustainable” with the exception of any derivatives used for hedging (if any).



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No EU Climate Transition Benchmark or EU Paris-aligned Benchmark as qualified in accordance with Regulation (EU) 2016/1011 is available. Hence, no index has been designated as a reference benchmark for the Fund or the Fund’s investments.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***
Not applicable
- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***
Not applicable
- ***How does the designated index differ from a relevant broad market index?***
Not applicable
- ***Where can the methodology used for the calculation of the designated index be found?***
Not applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

For other relevant information regarding Alcazar Energy’s responsible investment approach please refer to Alcazar Energy’s website:
<https://alcazarenergy.com/corporate-responsibility/>