

Sustainable Finance Disclosure Regulation (SFDR) for the Denham International Power Fund (DIPF)

From March 10th, 2021, the EU Sustainable Finance Disclosure Regulation (SFDR) has come into force. The SFDR is part of the EU's ESG Action Plan to increase the capital allocation into sustainable businesses in the EU to help achieve the climate goals of the Paris Agreement and the European Green Deal.

This document describes:

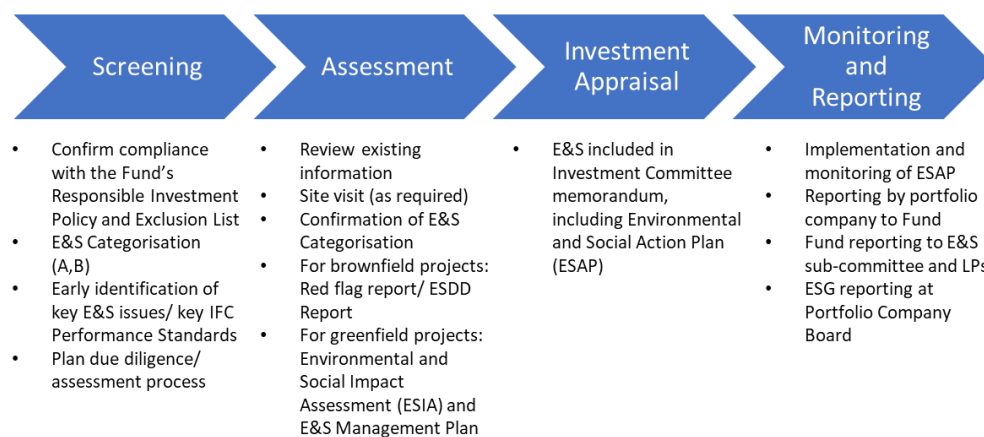
- Our approach to sustainability, describing how we integrate sustainability risks in our investment decision-making process (as per **Article 3 of the SFDR**).
- How we identify and prioritise adverse sustainability impacts and indicators (as per **Article 4 of the SFDR**).
- Our remuneration policy (as per **Article 5 of the SFDR**)

About Us

Denham International Power GP S.a.r.l manages the Denham International Power Fund (DIPF). DIPF has a Responsible Investment Policy, which was updated in April 2019 and is available on our website. Our Responsible Investment Policy has been communicated to stakeholders including our investors and our portfolio companies. We recognise that the management of environmental, social and governance (ESG) issues related to DIPF is essential in making a more positive contribution to the world we live in and enables us to seek sustainable long-term, risk adjusted portfolio returns for our investors. We have an in-house ESG Director to oversee the implementation of our ESG Policy.

ESG and our investment decision-making process

We consider sustainability risks throughout the investment lifecycle. We do this at the early stages through a screening process (to ensure that an investment does not fall into our Exclusion List). We then require our portfolio companies to have environmental and social impact assessments to Our ESG Standards (including the IFC Performance Standards). The Investment Committee is informed of key ESG risks and opportunities at the investment appraisal stage. Once an investment made, there is regular on-going ESG monitoring and reporting by our in-house ESG Director.



Principal Adverse Impacts

For each investment we consider a wide range of sustainability factors as per below. Within this ESG 'umbrella', we have mapped out the material impacts across our portfolio that are to be considered with respect to our portfolio companies and projects. We use these ESG material factors in our screening, due diligence assessment as well as during the ongoing management of an asset through its investment lifecycle.



In summary, the key actions that we take in relation to potential adverse sustainability impacts include:

- Our Exclusion Policy specifies the sectors that we will not invest in due to their negative ESG impact (such as, coal fired power plants, tobacco, alcohol, pornography, weapons, gambling, casinos).
- We require our portfolio companies to contractually agree to adhere to Our ESG Standards in developing, acquiring and operating projects.
- The ESG due diligence process that we require as well as on-going monitoring of our assets and reporting by our portfolio companies.
- The consideration of ESG throughout the investment lifecycle.
- In-house ESG expertise both at Denham and at our portfolio companies.
- Reporting of ESG issues at board meetings.
- Providing an ESG update to our investors on a regular basis (at least quarterly).

Our ESG Standards:

- Our Exclusion List
- Applicable international, national and local laws on environment, health, safety and social issues and any standards established therein
- For non-OECD markets: The IFC Environmental and Social Performance Standards and World Bank Environmental, Health and Safety Guidelines
- OECD Guidelines for Multinational Enterprises

- ILO Core Labour Standards and ILO Basic Terms and Conditions of Work
- International Bill of Human Rights in line with the UN Guiding Principles on Business and Human Rights
- U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as relevant national anti-corruption laws

Remuneration

Denham's remuneration policies are consistent with and promote effective risk management. Denham's remuneration policy does not encourage excessive risk taking with respect to specific factors, including sustainability factors. Under Denham's remuneration policy, Denham employees receive fixed remuneration and performance-based remuneration in the form of discretionary annual bonus.

Denham reserves the right to alter these disclosures at any time, and to implement them as we deem appropriate. These principles do not create any rights in any person.