

SUSTAINABILITY RELATED DISCLOSURES

This document includes information relating to environmental and social characteristics of financial products, and sustainable investments, in accordance with Article 10 of the Sustainable Finance Disclosure Regulation (SFDR).

Summary

Denham Sustainable Infra Management LP (the “Manager”) acts as investment advisor to Denham International Power Fund SCSp (the “Fund”). The Fund promotes environmental and social characteristics and falls within scope of Article 8 of the EU SFDR.

This disclosure sets out the Fund’s approach to sustainable investing and how the Fund integrates sustainability risks in its investment decision-making process. This includes:

- Confirmation that all assets in the Fund’s portfolio are subject to the Fund’s Exclusion List and Responsible Investment Policy;
- Confirmation that while the Fund promotes environmental and social characteristics, it does not have sustainable investment as an environmental objective;
- The Fund’s investment strategy of investing in renewable and gas-fired power projects in Latin America, Southeast Asia and Africa;
- The proportion of investments which promote environmental and social characteristics;
- The Fund’s process for monitoring environmental and social characteristics, and collection of relevant environmental and social data;
- The Fund’s methodology for assessing that the environmental and social characteristics of the financial product are met and potential limitations;
- The Fund’s due diligence process and engagement policies.

No sustainable investment objective

The Fund invests in renewable and gas-fired power projects in Latin America, Southeast Asia and Africa. The Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

However, a proportion of investments (in renewable energy projects that result in avoided greenhouse gas emissions) contribute towards the environmental objective of climate change mitigation and are in line with SFDR Art.2 (17) definition of sustainable investments. The Manager assesses and monitors that these sustainable investments do not cause any significant harm (DNSH) to any other environmental and social objectives. To do so, the Manager uses the indicators identified in the environmental and social impact assessment process or gap analysis to identify the presence of a principal adverse impact (PAI). The Manager also takes into account the PAIs of Table 1-3 of Annex 1 of Regulatory Technical Standards, as required by the EU Regulator.

Finally, the Fund’s portfolio company management teams which develop, construct and operate these assets, have policies in place which are aligned 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 Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Environmental and social characteristics of the financial product

The Fund promotes environmental and social characteristics as follows:

- Projects are developed, constructed and operated in line with the IFC Performance Standards and World Bank Environmental, Health and Safety guidelines. This requirement is included in the Fund's Responsible Investment Policy which is also adopted by the Fund's portfolio companies.
- As part of this requirement, each investment implements an environmental and social impact assessment (ESIA) which is in line with the IFC Performance Standards. Alternatively, if the ESIA is not prepared in line with the IFC Performance Standards, a gap analysis is completed to identify any additional work which is needed to comply with the IFC Performance Standards. An environmental and social action plan (ESAP) is then put into place which lists each action which needs to be completed to close out any gaps.
- Investment to support local communities through community related projects, as the Fund and its portfolio companies share the belief that this is both the right thing to do and also supports its portfolio companies' social license to operate.

The Fund has not designated a reference benchmark for the purpose of attaining the environmental and/or social characteristics promoted.

Investment strategy

This financial product invests in portfolio companies which develop, construct and operate renewable and gas-fired generation projects (or assets) in Latin America, South-east Asia and Africa. The renewable investments contribute to climate change mitigation through the avoidance of greenhouse emissions. In addition, the Fund's portfolio companies invest in community related projects. The Fund and its portfolio companies share the belief that this is both the right thing to do and supports the social license for the Fund's portfolio companies to operate.

As a majority owner, the Fund works with its portfolio companies to ensure that the environmental and social characteristics of the Fund are met. The Fund's ongoing engagement with its portfolio companies from an early stage of project development allows the Fund to monitor that ESIA's are being completed to comply with the IFC Performance Standards (or a gap analysis is completed). On an annual basis, the Manager also requests from the Fund's portfolio companies an update on community related projects implemented.

To achieve good governance practices, the Manager requires the implementation of Sustainability Standards as listed in the Fund's Responsible Investment Policy (available on the Manager's [website](#)). In addition, the Manager conducts regular calls with the dedicated sustainability lead in each portfolio company to understand the status of work. In addition, sustainability updates are provided in board presentations. The Manager has an Internal Sustainability Committee (made up of senior management, legal counsel, the Head of Sustainability, and a member of the investor relations team) which meets on a bi-annual basis to discuss sustainability work throughout the portfolio companies. Finally, the Manager's Head of Sustainability completes site visits to identify potential areas of improvement or breaches. The Manager believes that this pro-active approach supports portfolio companies in maintaining good governance practices.

Proportion of investments

The Fund expects that more than approximately 90% of its asset allocation will promote environmental or social characteristics and more than approximately 60% of its asset allocation will promote the environmental objective of climate change mitigation (in line with SFDR Article 2(17)). The Fund defines sustainable investments as those which contribute positively to climate change mitigation (by resulting in avoided greenhouse gas emissions compared to business as usual), which avoid any harm to any other environmental and social objectives and which operate in accordance with minimum social safeguards.

The Fund does not use derivatives to attain environmental or social characteristics.

Monitoring of environmental and social characteristics

The following sustainability indicators are used to measure the attainment of each environmental and social characteristic promoted by the Fund:

- Number of projects in development, construction or operation which have an ESIA to the IFC Performance Standards or have completed a gap analysis and have an ESAP in place
- ESAPs with identified action items which are closed out
- \$ spent on community related projects

During the screening phase of an investment, the Manager works with the Fund's portfolio companies to understand the status of environmental and social assessments and the additional work (if any) required. Prior to final approval by the Fund's investment committee of construction equity, either an ESIA to IFC Performance Standards or an ESAP will be in place. To monitor the implementation of the ESIA or ESAP during construction phase, the Manager holds regular calls with the Fund's portfolio companies and has a quarterly reporting process in place. During operation, this reporting is on an annual basis. The Manager's Head of Sustainability also completes site visits to identify any potential areas of improvement or breaches. The Manager uses an internal tracking tool to monitor the Fund's environmental and social characteristics.

Methodologies

To determine how the environmental and social characteristics are promoted and met, the Manager asks the following from the Fund's portfolio companies:

- A copy of completed ESIA's required for regulatory purposes and in line with the IFC Performance Standards.
- Where the ESIA has been completed for regulatory purposes only, a gap analysis to identify any additional actions which need to be met in order for an investment to be in line with the IFC Performance Standards and a related Environmental and Social Action Plan (ESAP). Progress on ESAP implementation is discussed quarterly between the portfolio company and the Manager's Head of Sustainability, until all actions of the ESAP are closed out.
- On an annual basis, the portfolio companies provide a breakdown of community investment activities and money spent on those activities.

The Manager monitors, evaluates and reports on the indicators at a Fund level in the periodic disclosures attached to the Fund report as defined by Art. 11 (2a) of Regulation (EU) 2019/2088.

Data source and processing

The Manager collects data directly from the Fund's portfolio companies who provide ESIA's, where relevant, gap analysis and ESAPs. The ESIA's will be prepared by third-party consultants. Gap analysis and ESAPs may also be prepared by third-party consultants, although for low-risk projects, this may be completed by the Fund's portfolio companies. The Manager also carries out site visits to verify the implementation of the Fund's Sustainability Standards.

The Manager relies on information provided by the Fund's portfolio companies regarding their community-related projects.

Limitation to methodologies and data

Data is checked and no material limitations to methodologies or data are expected.

Due diligence

All assets are developed in line with the IFC Performance Standards. Where relevant, third-party consultants are engaged to carry out environmental and social due diligence to identify any gaps between ESIA developed for local regulatory purposes and the IFC Performance Standards, and an ESAP is implemented. The ESAP details the items which need to be addressed in order for a project to reach compliance with the IFC Performance Standards, including timelines and responsibilities. The Manager evaluates the capacity of third-party consultants by assessing their experience in carrying out environmental and social assessments in accordance with IFC Performance Standards.

Engagement policies

The Manager undertakes a range of engagement activities (e.g., site visits) with the Fund's portfolio companies, in order to influence environmental, social and governance practices. Engagement takes place both at quarterly board meetings and through regular interaction between the Manager's Head of Sustainability and the sustainability teams at the portfolio company level. The Manager's continuous engagement with the Fund's portfolio companies allows for the identification of sustainability-related controversies.

Designated reference benchmark

A reference benchmark is not used for the purpose of promoting the Funds' environmental and/or social characteristics.