

1. Overview

Energy Capital Group (ECG) Fund II is a regulated private equity fund focused on the Kingdom of Saudi Arabia. ECG provides leadership, expertise and growth capital to consolidate and scale SMEs across the energy services industrial supply chain into national champions to serve the region (the fund strategy). The scaled businesses are expected to exhibit greater efficiencies (resources and services), increased productivity, reliability, and safety, and align with 2030, 2050, and 2060 national sustainability goals (and the United Nations Sustainable Development Goals). ECG recognizes its role as a responsible business to facilitate the net-zero carbon transition.

Our experienced team has a consistent track record of investment performance over 30 years. We seek to invest in companies that share our vision for sustainable growth and value creation, along with new employment opportunities and localization benefits. ECG believes successful management of environmental, social and governance (ESG) issues related to the investments it makes through the fund are essential in making a positive contribution to the world. In addition, ECG manages its investments to optimize our investors' long-term, risk-adjusted portfolio returns.

ECG seeks to mitigate the potential negative impact of ESG risks on financial returns by taking ESG risks into account when investing. Regarding stewardship, we are active investment partners; we help our portfolio companies set and refine their strategies and processes to maximize efficiencies and add value. We enable sustainable economic growth where our investments operate; accordingly, this ESG Policy summarizes key aspects of ECG's investing approach.

ECG is committed to improving our ESG-related disclosures and communications to investors, portfolio companies, and internally. To facilitate transparency on our ESG impact, ECG is an active member of the EDCl (the ESG Data Convergence Disclosure Initiative).

2. Scope

ECG's Board has primary oversight over this ESG Policy, as for all the company's policies and core business activities.

This ESG Policy sets out ECG's commitment to an integrated ESG approach; it applies to our activities with respect to new investments and our existing portfolio. ECG does not promote its fund(s) as having an environmental or social objective, such as impact, sustainability, or as an ESG fund. This document is not intended to be an offer or solicitation to buy or sell any investment. Investors and/or potential investors should refer to the relevant ECG fund documents.

ECG will provide a copy of this ESG Policy to its portfolio companies.

This ESG Policy will be shared with our LPs and all employees. Indeed, all staff are required to confirm that they have read and understand this ESG Policy and agree to adhere to and implement it in performing their roles and responsibilities.

This ESG Policy will be available on our website. We will review and update this ESG Policy as determined by ECG's Board.

3. Investment Strategy

ECG acknowledges that climate change impacts pose an investment risk with the potential to impact the long-term value of companies but also presents an investment opportunity to support the pathway to net-zero carbon emissions. Accordingly, when selecting portfolio companies for investment, ECG will seek assets that align with our fund strategy and an ESG-integrated approach as follows:

Protecting the Environment: we will seek to minimize adverse direct impacts that our investments have on the environment, particularly to climate change and biodiversity. As such, we will work with our portfolio companies to reduce energy, waste, raw materials, and emissions; and consider life cycle analysis of their products and services and those of key suppliers.

We will work with our portfolio companies to develop and implement their policies with the aim of reducing greenhouse gas emissions across the portfolio; and minimizing any potential adverse effects on biodiversity through plans to protect and preserve the environment. We recognize that our investments may require land and water usage, and we expect our portfolio companies to seek to optimize the use of such resources through appropriate management plans.

Health and Safety: The health and safety of all employees and in our portfolio companies in which we invest is paramount. We expect portfolio companies to put in place appropriate systems to provide a safe and healthy working environment, report against health and safety key performance indicators, and implement emergency preparedness and response plans.

Diversity and Inclusion: We recognize that a diverse and inclusive work culture brings viewpoints and perspectives that lead to better problem-solving, increased

productivity, and a workplace that retains talent. We seek to have a diverse and inclusive team through our employment policies and practices, which are further supported by our whistleblowing and grievance mechanisms. We will encourage our portfolio companies to implement the same policies where not already in place.

Human Rights: We are committed to respecting human rights and treating all people with fairness, respect, and dignity. We will work with our portfolio companies on a structured supplier management system to flag any modern slavery and human trafficking risks, and to allow us to oversee our portfolio companies' supplier relationships.

Governance: A robust governance framework is essential in the management and to the success of ECG and our investments. We will seek to ensure the continuation of proper conduct and business integrity within ECG and across our portfolio companies in line with industry best practice. Namely, ECG Fund II operates under a transparent governance structure comprising General Partners, an Investment Committee, Independent Advisors, and an LPAC (Limited Partner Advisory Committee) with defined roles and ensuring that ESG is a covered item.

We take our cybersecurity and data privacy obligations seriously to protect our stakeholders, our portfolio companies, and our business. Our risk management framework comprises designated risk and compliance officers, and includes this ESG Policy, ethics, anti-money laundering, cybersecurity, and anti-corruption policies. These policies are reviewed regularly, and training is provided annually.

Portfolio companies are expected to implement systems to ensure compliance with relevant national anti-corruption laws. Such systems will seek to prohibit bribery and prevent money laundering. Portfolio company boards will provide oversight in the areas of audit, risk management, and potential conflicts of interest.

Community Engagement: We acknowledge that the operation of our investments can both positively and negatively impact communities. We expect portfolio companies to foster local employment and economic development opportunities to maximize the positive direct financial impact on local communities.

4. ESG Principles

ESG issues are complex and dynamic, and therefore, ECG will foster an adaptive and forward-thinking methodology and implement its ESG Policy on a best-efforts basis. Our approach will seek to align with the principles of international conventions, standards, and guidelines such as, but not limited to:

- local laws, including environmental, labor, commerce, and anticorruption legislation
- the UN Sustainable Development Goals
- the Universal Declaration of Human Rights
- the UN Global Compact
- the UN Guiding Principles on Business and Human Rights
- the IFC Performance Standards
- the UN-supported Principles for Responsible Investment (PRI)
- and the Task Force on Climate-related Financial Disclosures (TCFD).

5. ESG-integrated Investment Process

Screening

ECG's investment team will identify and screen investment opportunities based on fundamental research, for alignment to ECG's fund strategy, to ensure that a potential investment is not a fund-excluded activity, and to identify initial 'red flag' ESG issues.

ECG will not invest fund capital in any of the following:

- Any illegal economic activity under law or regulations
- Production or trade in controversial weapons and munitions
- Production or trade in tobacco
- Gambling, casinos, and equivalent enterprises
- Production of pornographic materials or media.

Red flag ESG issues may include:

- Environmental contamination or other adverse incidents
- Corruption or bribery allegations
- Allegations of human rights violations
- Poor health and safety performance, which cannot be turned around
- Legacy of poor conduct of community relations.

Due Diligence

ESG factors will be included in due diligence scoping, tailored for each new investment, and could include an assessment of climate-related risks and any mitigation plans disclosed by the target company. Where appropriate, third-party consultants will be appointed to appraise the ESG issues.

Investment Committee ESG undertaking

We will include ESG considerations and findings from the due diligence phase as covered topics in the Investment Committee documentation. Where there are gaps between compliance of an investment with the ESG Principles, we will seek to have a corrective action plan or a roadmap to ensure alignment with these Principles within an acceptable timeframe. Where appropriate, ECG will seek formal commitments from the portfolio company to implement ESG improvements to ensure positive environmental impact and community benefits.

Ownership and reporting

In situations where ECG controls the board of directors at its portfolio companies, we will ensure that as part of its board activity, identified ESG issues are discussed, and an approach and appropriate metrics are agreed upon for ongoing monitoring.

In order to collect information on ESG developments, ECG will require regular reporting (at least annually) from portfolio companies. We will also track material key performance indicators (KPIs) and KPIs that are required to be reported for regulatory purposes. We will work with our portfolio companies to measure material Scope 1 and Scope 2 emissions across our portfolio.

We will update LPs on the fund's ESG performance at least annually.

Exit

We will include investment ESG performance in vendor due diligence to highlight ESG value creation.

6. Training

ESG training will be provided annually by ECG on key issues, such as ESG integration, health and safety, climate change, and biodiversity. Where appropriate, this training will be extended to portfolio companies.