



Luxembourg, 14.09.2023

Public

Environmental and Social Data Sheet¹

Overview

Project Name:	DWS Project True Green
Project Number:	2022-0733
Country:	Regional – Europe / EFTA / UK
Project Description:	Equity Fund focusing on value-add infrastructure assets (mainly construction and growth assets) and businesses predominantly in Europe.
EIA required:	Yes, certain assets under the project may be subject to EIA.
Invest EU sustainability proofing required	no
Project included in Carbon Footprint Exercise ² :	Yes, certain assets under the project may be subject to the Carbon Footprint Exercise

Environmental and Social Assessment

The Fund will invest in mature infrastructure assets and businesses within the following sub-sectors: energy transition (renewable energy, energy efficiency), circular economy, low-carbon mobility, digital, water, social infrastructure and business services that support these sectors and/or enabling the companies or business ESG transition. 80% of the investments will be located in the EU, the EFTA and the United Kingdom –potentially some of them in cohesion and just transition regions - and 20% in other OECD countries.

The Fund targets medium sized infrastructure operating companies with the objective to implement capital expenditures (greenfield projects and/or programs) fully compliant with the EIB CBR, requirements and standards, as well as to improve their operational efficiency (pure brownfield investments). Opportunistic greenfield projects will also be considered.

Environmental Assessment

Key environmental, climate and social issues associated with the operation derive from the ability of the Fund Manager to materially improve the ESG profile of the acquired projects and companies in line with the 2022 EIB Environmental and Social Standards.

ESG policy

¹ The information contained in the document reflects the requirement related to the environmental, social and climate information to be provided to Investment Committee as required by the Invest EU Regulation and it represents the equivalent of the information required in the template of the InvestEU sustainability proofing summary

² Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.



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The Fund Manager has a fit for purpose ESG Policy aligned to that of the Parent-group company which details the integration of sustainability management practices and risks in all Groups' proposed investments. In detail, the Policy covers aspects related to: i) the identification, management and mitigation of environmental, climate and social risks in line with the requirements of major international financial institutions; ii) the application of an exclusion list for all asset operations of the Group and iii) the integration of the UN Sustainable Development Goals (SDGs) into the Group's ESG framework. The team has continued to expand and refine the robust ESG framework developed originally for the previous funds, with reference to new and emerging regulatory standards.

Environmental and Social Management System (ESMS)

The execution of the Fund strategy will draw upon the knowledge, the competences and the processes developed over the past decade, while further integrating sustainability considerations. The Fund Manager has demonstrated a strong commitment to ESG performance in the course of deploying its two previous funds financed by the Bank. The Fund Manager has also assumed an active ownership of its portfolio companies requiring them to regularly report on ESG aspects and issues and supporting them in their contribution to the SDGs or their decarbonisation objective.

The Fund has enhanced its Environment and Social Management System (ESMS), which explicitly includes references to the EIB's environmental and Social standards and presents an adequate ECS training plan for internal staff. The ESMS includes processes to ensure adequate identification, assessment, mitigation and monitoring of environmental, climate and social (ECS) risks. In particular, the Fund manager has developed an ESG check list to assess environmental, social and governance capabilities and potentials of its investments.

With its ESG checklist, the Fund Manager aims to ensure that all relevant ESG issues are considered during the due diligence process and assessed for materiality, and to ascertain the areas requiring a more detailed due diligence into the sustainability risks. It should be noted that the checklist is not exhaustive but the checklist covers a wide range of environmental issues such as environmental management, pollution prevention, energy, consumption of natural resources, climate change, biodiversity; Social issues such as labour standards, health & safety, supply chain, local community, training and education, and workplace diversity; and Governance issues such as management structure, stakeholder engagement, disclosure and reporting, and Emergency Preparedness. The checklist is aligned with internationally recognised good practice documents — including the European Investment Bank Environmental and Social Standards, the Global Reporting Initiative, and the International Finance Corporation Performance Standards — and provides a systematic framework for evaluating ESG considerations through a pre-defined list of questions and criteria.

Considering the type of projects to be funded, the environmental and social impact of most of the investments – if appropriately designed and operated - is expected to be limited, site-specific, and largely reversible with no significant negative residual effects after the implementation of mitigation measures. Conversely, a majority of the investments are expected to have positive environmental impact through improved performance of the rail mode compared to other modes and/or the incorporation of new technologies that improve energy efficiency and reduce emissions (e.g. alternative fuel buses and cleaner vehicles, alternative fuel charging infrastructure).

While some of the Fund's underlying investments will fall outside of the scope of EIA Directive 2014/52/EU amending the EIA Directive 2011/92/EU, some others may fall under the Annex II of the EIA Directive. For these investments, the relevant competent authorities shall decide upon the requirement of a full EIA. Should the relevant competent authority screen in an



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investment project, the Fund manager will be required to ensure that the EIA studies have been made publicly available as part of the EIA process.

In the legal documentation with the EIF, the Fund Manager shall include an undertaking for all investee to implement policies and strategies that will enable them to be compliant with the EIB CBR and to develop a credible and verifiable CBR aligned transition plan, in particular for companies with existing operations or activities included in the EIB excluded and restricted list of activities, and to comply for all investments with the EIB Environmental and Social (E&S) standards and core requirements as well as the E&S national laws and EU regulations and directives, including the aforementioned Directive. The mitigation of key risks and impacts derives from the Fund's capacity to identify and manage potential environmental and social risks and impacts associated with the projects in the pipeline and to maintain and operate an appropriate Environmental and Social Management System (ESMS). The Fund will enhance in particular its ESMS to actively manage climate risks, based on systematic and robust risk screening and assessment of the investments deployed.

The Fund Manager will develop and maintain organisational capacity and competency for implementing the ESMS at Fund but also at portfolio company levels.

Climate Assessment

- **Climate change mitigation:** The investments in energy efficiency, renewable energy and circular economy, and those other subsectors, will address climate change mitigation. According to the existing pipeline, at least 80% of the Fund's investments are expected to directly contribute to climate action mitigation.
- **Climate Neutrality:** The Fund has been assessed for Paris Alignment and is considered to be aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap. The Fund will ensure Paris Alignment of all its investments, as part of the Side Letter with EIF.

EIB Paris Alignment for Counterparties (PATH) Framework

The Fund manager has more than 500 MEUR of assets under management. As such, the Fund manager is in scope of and screened in the PATH framework. Hence, EIF will require the Fund manager to report – at the latest 12 months after signature – in line with the TCFD recommendations, including information in relation to transition and physical climate risk.

Other Environmental and Social Aspects

E&S aspects are well integrated in the Fund's investment process (including origination, due diligence, asset management and exit), whereby these aspects are reviewed in tandem with other investment documents at the Investment Committee. The team has extensive experience driving improvements in ESG metrics and performance at its portfolio companies with a view to improving their businesses' sustainability credentials and to create value.

The Fund Manager was one of the first signatories of the United Nations Principles for Responsible Investment in 2008 and one of the first infrastructure funds to produce a Sustainable and Responsible Investment Report in 2009. Furthermore, DWS Infrastructure has been a member of GRESB since its inception in 2016 and has seen significant progress in GRESB scores at an asset level over the subsequent years. In addition, the current operation intends to be classified as an Article 8 SFDR fund.

The ESMS was reviewed based on the EIB Environmental and Social Standards and was found acceptable conditional to the incorporation of some adjustments detailed below.



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At this point in time, no material issues in relation to this point are identifiable in the expected pipeline. However, the ESMS will duly define the policies and procedures related to social aspects that will apply to the investments.

The Fund Manager will implement a consultation process with stakeholders where legally required and will provide an appropriate grievance mechanism that is available to all its employees and contractors.

The legal documentation to be concluded between the fund and the EIF will include an obligation on the fund to ensure that all projects are in compliance with national and European legislation (where applicable), as well as the updated EIB's E&S standards and relevant IEU sustainability proofing requirements.

As part of its policies and procedures the fund manager has a code conduct which passes it to the suppliers and is already aware of the forced labour issue in the solar PV industry and addresses it in their ESG risk assessment check list. To the extent possible the fund manager will apply an enhanced due diligence that will ensure that the project financed are not linked with forced labour practises.

EIB Carbon Footprint Exercise

As usual in funds, the net emission savings cannot be reliably estimated at this stage, as the expected portfolio of the Fund's Investments is still under development and there is not sufficient data. However, during the investment period the Fund will monitor and report CO2 savings when reliable data becomes available.

Conclusions and Recommendations

During appraisal, it has been verified that the fund manager has understood the EIF E&S requirements and is willing and capable to fully implement them at Fund level but also at portfolio company level.

To complement its ESMS and to strengthen the coordination and accountability aspects and improve the management and monitoring of ECS performance in high-risk projects, the Fund Manager will be required to:

1. Update and enhance its existing ESMS, including the Policy, to be in line with the EIB List of Excluded Activities and with the 2022 EIB Environmental and Social Standards;
2. The Fund shall ensure, on best effort basis, that investee, contractor and first-tier supplier comply with the EIB excluded and restricted list of activities and the updated EIB environmental and social standards;
3. Through the implementation of its ESMS, the Fund Manager will have to ensure, in those cases where they would invest in an investee company with existing operations/activities not compliant with the EIB Group Climate Bank Roadmap, that the Investee company develops, publishes and implements a decarbonisation plan and a resilience plan to meet the EIB Group PATH framework³ requirements and does not make further investment in incompatible activities as per PATH – EIB counterpart alignment framework.;
4. Develop a climate change risk assessment and action plan for the assets over the lifetime of the investments and ensure that strategy and governance on climate resilience and adaptation is being implemented effectively;

³ <https://www.eib.org/en/publications/the-eib-group-path-framework>



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5. Develop an adequate ECS training plan for portfolio companies. The training plan would need to include a list of training topics and targeted staff;
6. Submit regular reporting to the EIB on the implementation of the Fund's ESMS, including the E&S performance of its portfolio investments and on agreed environment, climate and social impact indicators (and report on implemented mitigation and remediation measures for its investees, contractors and first-tier suppliers where risks are identified);
7. Provide regular annual updates on the Environmental and social performance of its investments, in line with the TCFD⁴ recommendations and GRESB⁵ infrastructure benchmark, within 12 months of the Fund closing.

In view of the above findings and conditions, the operation is deemed satisfactory from an environmental and social compliance perspective.

⁴ Task Force on Climate-Related Financial Disclosures

⁵ Global ESG Benchmark for Real assets