

– ISQ Global Infrastructure Fund IV –

Sustainability-related disclosures

Product Name (each, the “Fund”)	LEI Number
ISQ Global Infrastructure Fund IV	N/A
ISQ Global Infrastructure Pooling IV (EU), SCSp	N/A

Version History	Date	Comment
v1	05/03/ 2025	Disclosures uploaded to FundRock LIS S.A.’s website in compliance with Article 10 of the SFDR and relevant provisions of SFDR RTS (Commission Delegated Regulation (EU) 2022/1288).

**IMPORTANT NOTICE**

THIS DISCLOSURE IS PROVIDED PURSUANT TO EUROPEAN UNION REGULATORY REQUIREMENTS AND IS NOT INTENDED FOR USE BY INVESTORS OUTSIDE OF THE EUROPEAN UNION.

This disclosure is made in respect of the Fund pursuant to Article 10 of 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 (“**SFDR**”) as supplemented by the Commission Delegated Regulation 2022/1288 of 6 April 2022, as amended, supplementing SFDR and the EU Taxonomy (the “**Delegated Act**”).

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR AN INVITATION TO SUBSCRIBE TO INTERESTS OF THE FUND OR ANY OTHER ALTERNATIVE INVESTMENT VEHICLE FOR WHICH ISQ (AS DEFINED BELOW) SERVES AS GENERAL PARTNER, THE MANAGER AND/OR THE ADVISOR, AND THE INFORMATION PRESENTED IN THIS DOCUMENT SHOULD NOT BE RELIED UPON BECAUSE IT IS INCOMPLETE AND MAY BE SUBJECT TO CHANGE.

Investors should refer to the confidential private placement memorandum in respect of ISQ Global Infrastructure Fund IV (the “**Fund**”) dated December 2024 (comprised of the information memorandum and the separate appendices and addenda that are being issued alongside it (together with any supplements hereto, each as amended or supplemented from time to time)) (the “**Memorandum**”) and limited partnership agreement (“**LPA**”) for the full terms of the Fund. In case of any discrepancy between this summary and the body of the Memorandum and/or the LPA, the Memorandum and/or LPA prevails (as relevant).

Any investment decision in the Fund should be based on the full terms of the Fund and not on this summary. Unless otherwise defined herein, capitalised terms shall have the meaning assigned to them in the Memorandum.

The term “ISQ” as used in this disclosure refers to the group to which the Fund and the General Partner belong, together with each of their respective affiliates from time to time. References to “we”, “us” or

“our” in this document are references to ISQ and not, for the avoidance of doubt, to any ISQ investment professional.

FUNDROCK LIS S.A., an alternative investment fund manager, organized under the form of a Luxembourg public limited company (*société anonyme*) (the “**AIFM**”), has been appointed as the external alternative investment fund manager of the Fund.

The AIFM is responsible for the risk management function of the Fund, but it has delegated entirely the portfolio management function of the Fund to I Squared Capital Advisors (US) LLC, a Delaware limited liability company (the “**Manager**” or “**ISQ**”). The AIFM will be responsible for the proper and independent valuation of the assets of the Fund.

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**(a) Summary**

*Note: This summary was prepared in English and translated to other official languages of the European Union. In case of any inconsistencies or conflict between the different versions of the summary, the English language version shall prevail.*

This Fund promotes environmental or social characteristics, but does not have as its objective sustainable investments.

ISQ Global Infrastructure Fund IV (the “**Fund**”) will promote environmental and social characteristics by taking an active approach to long-term sustainability by integrating environmental, social and governance (ESG) criteria across the investment cycle with the aim of bolstering business model resilience and encouraging improved ESG processes (together referred to as the “**E/S Characteristics**”).

The Fund aims to build a globally diversified portfolio of infrastructure assets that ISQ believes will exhibit low correlation, a high margin of downside protection and attractive risk-adjusted returns. The Fund will seek to make investments principally in power & utilities; transportation & logistics; midstream, downstream & LNG; digital infrastructure; environmental infrastructure and social infrastructure assets in North America, Europe and selected growth economies, in particular, in Asia-Pacific and Latin America. ISQ’s multi-regional and multi-sectoral investment strategy is underpinned by a commitment to value creation and downside risk mitigation.

The Fund’s investment strategy considers relevant governance factors, including (without limitation) management structure, employee relations, remuneration of staff, and tax compliance in all investments of the Fund. The Fund will assess investee companies’ good governance practices during pre-investment diligence and ownership period, as further described below.

It is intended that the Fund will invest at least 80% of its assets in investments that qualify as aligned with the E/S Characteristics promoted by the Fund, on the basis that such assets are subject to ESG integration and improvement of ESG processes (#1 Aligned with E/S characteristics).

The sustainability indicators that are used to measure the attainment of the E/S Characteristics promoted by the Fund (as defined above) are as follows for each portfolio company investment:

*Post-investment*

- % of portfolio companies with an ESG Policy in place
- % of portfolio companies with a Health & Safety Policy in place
- % of portfolio companies for which at least annual ESG KPIs are being tracked
- % of majority-controlled portfolio companies with ESG matters considered at least annually by the board
- % of portfolio companies measuring scope 1 and 2 GHG emissions
- % of portfolio companies that assess the resilience of their installations to extreme weather conditions at least annually

Additionally, after making an investment, the E/S Characteristics are monitored through the continued engagement and monitoring of ESG practices during the investment holding period via interaction with the portfolio companies. Given the investment strategy of the Fund, which includes ongoing

engagement with portfolio companies to improve their performance against the post-investment sustainability indicators during the period of ownership, it is possible that improvements in the sustainability indicators may not be attained until the end of the life of the relevant investment.

ISQ collects data to measure the attainment of the E/S Characteristics promoted by the Fund through its due diligence process, including engagement with the portfolio companies, due diligence questionnaires and third-party searches and tools (as appropriate), which is analysed and aggregated to form the basis of the assessment in relation to whether the investment is consistent with the E/S Characteristics.

At the pre-investment stage, key ESG risks and opportunities are assessed by the Fund's Investment Team and supported by ISQ's ESG specialist, typically in conjunction with external specialist advisors where appropriate. ESG diligence findings are included in the Investment Committee memorandum and factored into the investment decision.

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.

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**(b) No sustainable investment objective**

This Fund promotes environmental or social characteristics, but does not have as its objective sustainable investments.

**(c) Environmental or social characteristics of the financial product**

ISQ Global Infrastructure Fund IV (the “**Fund**”) seeks to invest in equity and equity related investments in infrastructure and infrastructure related investments located or operating primarily across North America, Europe and selected growth economies, in particular, in Asia Pacific and Latin America to build a globally diversified portfolio of infrastructure assets that ISQ believes will exhibit low correlation, a high margin of downside protection and attractive risk-adjusted returns. The Fund will seek to make investments principally in digital infrastructure, transportation and logistics, power and utilities, midstream, downstream and LNG, environmental infrastructure and social infrastructure assets.

The Fund will promote environmental and social characteristics by taking an active approach to long-term sustainability by integrating environmental, social and governance (ESG) criteria across the investment cycle with the aim of bolstering business model resilience and encouraging improved ESG processes (together referred to as the “**E/S Characteristics**”).

**(d) Investment strategy**

The Fund aims to build a globally diversified portfolio of infrastructure assets that ISQ believes will exhibit low correlation, a high margin of downside protection and attractive risk-adjusted returns. The Fund will seek to make investments principally in power & utilities; transportation & logistics; midstream, downstream & LNG; digital infrastructure; environmental infrastructure and social infrastructure assets in North America, Europe and selected growth economies, in particular, in Asia-Pacific and Latin America. The Fund will invest in both mid-market and opportunistic assets, including through the creation of specialized platform companies.

Based on its experience and its assessment of the investment opportunity globally, I Squared Capital believes that each of its target regions is facing fundamentally different infrastructure investment challenges and offers varied opportunities, which will influence the investment strategy, as further described in Section 7: “Investment Opportunity” in the Memorandum.

The Fund will apply ISQ’s Risk Model to assess the Fund’s risk-return analysis for each potential investment; establish the relative value comparison of investments across sectors and regions; and monitor the risk profile of the portfolio assets during the investment cycle. ISQ believes that blending value creation with downside protection is key to achieving attractive risk-adjusted returns, characterized by a bias towards the upside. The Risk Model is one of most critical differentiators of ISQ’s investment strategy. This strategy not only focuses on enhancing operational value but also emphasizes the importance of mitigating risk through active regulatory and policy monitoring and proactive management. By doing so, ISQ strives to not only safeguard but also maximize investor returns.

In summary, ISQ’s multi-regional and multi-sectoral investment strategy is underpinned by a commitment to value creation and downside risk mitigation. By implementing this approach, the Fund

will seek to effectively navigate the global investment landscape, unlocking opportunities for its stakeholders.

### *Good governance*

The Fund's investment strategy considers relevant governance factors, including (without limitation) management structure, employee relations, remuneration of staff, and tax compliance in all investments of the Fund. The Fund will assess investee companies' good governance practices during the investment process in the following ways:

- 1) During pre-investment diligence, the Manager will customarily assess good governance practices of the investee companies generally through site visits, management discussions, third-party expert assessments, and due diligence of compliance with local laws and regulations, including employment, labour, tax, or other ethical or financial compliance. These assessments generally look at the following issues, among others: non-discrimination policies, human rights policies, staff review, management structure, remuneration of staff and employee turnover, compliance oversight and approval, decision-making control and external risk management, pay structures, fair labour practices, ethical codes of conduct, bribery and anti-corruption, and tax transparency.
- 2) Formal ESG assessments for each investment will be presented to the Investment Committee and include the outcomes of ESG diligence and assessments referenced above. Post-investment ESG action plans and asset management controls will also be included to address any gaps identified during diligence.
- 3) During ownership: (i) ongoing engagement, including training where appropriate, with portfolio companies to communicate expectations on good governance and to ensure adequate compliance in line with the Fund's standards; (ii) board representation is customarily maintained by the Fund; and (iii) the Fund will customarily take a day-to-day integrative approach to investee management, including sharing expectations with incoming investments to ensure governance practices can be continuously monitored across the Fund.

### **(e) Proportion of investments**

It is intended that the Fund will invest at least 80% of its assets in investments that qualify as aligned with the E/S Characteristics promoted by the Fund, on the basis that such assets are subject to ESG integration and improvement of ESG processes (#1 Aligned with E/S characteristics). All #1 Aligned with E/S characteristics investments have direct exposure to the assets. The Fund may invest up to 20% of its assets in investments that do not qualify as aligned with the E/S Characteristics promoted by the Fund (#2 Other).

As the Fund is a closed-ended investment vehicle with a fixed lifespan, and which will seek to invest opportunistically in illiquid assets, we consider that it is appropriate to measure the minimum proportion of investments aligned with the E/S Characteristics (#1 Aligned with E/S characteristics) once the Fund is fully invested, and allowing for ramp-up and ramp-down periods as applicable during the life of Fund. Consequently, there may be periods during the lifecycle of the Fund (i.e., during the ramp-up or ramp-down period) where the proportion of the Fund's portfolio invested in assets classified as "#1 Aligned with E/S characteristics" is less than 80%. In such cases the Fund's assets which are not invested, and which are not part of the "#2 Other" category may be held in cash.

All investments, including those in #2 Other, will be subject to the good governance assessment as detailed in the section above. Such assets are not expected to contribute to the Fund's E/S characteristics.

#### **(f) Monitoring of environmental or social characteristics**

Annually, ISQ will assess the status of the E/S Characteristics that the Fund promotes by tracking and reporting on the indicators discussed in (g) *Methodologies* below. Additionally, after making an investment, the E/S Characteristics are monitored through the continued engagement and monitoring of ESG practices during the investment holding period via interaction with the portfolio companies. The Fund's Investment, Asset Management, and Value Creation Teams, including ISQ's ESG specialist, monitor the sustainability indicator(s) through the post-closing management phase of the Fund's investment process. Where any concerns or issues are identified in relation to the performance of an investment with regards to the E/S Characteristics promoted by the Fund and whether the investment continues to meet the E/S Characteristics, the Fund's Investment, Asset Management, and Value Creation Teams including ISQ's ESG specialist intend to engage with such companies to review any such concerns and may also review such concerns with the Investment Committee where deemed appropriate.

#### **(g) Methodologies**

The sustainability indicators that are used to measure the attainment of the E/S Characteristics promoted by the Fund (as defined above) are as follows for each portfolio company investment:

##### **Post-investment**

- % of portfolio companies with an ESG Policy in place
- % of portfolio companies with a Health & Safety Policy in place
- % of portfolio companies for which at least annual ESG KPIs are being tracked
- % of majority-controlled portfolio companies with ESG matters considered at least annually by the board
- % of portfolio companies measuring scope 1 and 2 GHG emissions
- % of portfolio companies that assess the resilience of their installations to extreme weather conditions at least annually

Given the investment strategy of the Fund, which includes ongoing engagement with portfolio companies to improve their performance against the post-investment sustainability indicators during the period of ownership, it is possible that improvements in the sustainability indicators may not be attained until the end of the life of the relevant investment.

#### **(h) Data sources and processing**

ISQ collects data to measure the attainment of the E/S Characteristics promoted by the Fund through its due diligence process, including engagement with the portfolio companies, due diligence questionnaires and third-party searches and tools (as appropriate), which is analysed and aggregated to form the basis of the assessment in relation to whether the investment is consistent with the E/S Characteristics. As part of this process, ISQ analyses the data received in order to try to ensure data

quality and will follow up with the management team of the relevant portfolio company where significant discrepancies or data gaps are identified.

Data is expected to be collected from portfolio companies and is not expected to be estimated. However, certain particular metrics may be estimated where actual data is not available, in which case, the General Partner will disclose the use of estimated data.

**(i) Limitations to methodologies and data**

ISQ uses ESG data acquired through its own internal data collection process, and (if available) external due diligence and third-party sources. As a result, data availability and accuracy is subject to various sources. Information and data obtained through third parties may be incomplete, inaccurate, or unavailable. While this could have an impact on the assessment of a portfolio company's sustainability practice and / or related sustainability risks and opportunities, such limitation is not considered to materially limit the pre-investment and ongoing monitoring or attainment of the Fund's promoted E/S Characteristics as the information is usually "sensed checked" internally against other available sources.

**(j) Due diligence**

All investments in the Fund allocated to "#1 Aligned with E/S characteristics" are subject to our ESG integration and management approach.

**Pre-investment stage:**

The Fund's Investment Team reviews each potential investment and determines that such potential investment exhibits infrastructure characteristics in accordance with the investment strategy for the Fund.

At the pre-investment stage, key ESG risks and opportunities are assessed by the Fund's Investment Team and supported by ISQ's ESG specialist, typically in conjunction with external specialist advisors where appropriate. ESG diligence findings are included in the Investment Committee memorandum and factored into the investment decision. Strong governance rights are generally secured to enable ISQ to conduct active management of ESG matters in majority investments and we seek to engage and seek board seats where available for minority investments.

The formal due diligence process culminates in the preparation of an investment memorandum which contains information regarding the financial analysis and risk summary in respect of the investment. The Investment Team is also required during the due diligence phase to provide a sustainability risk assessment to be included in final Investment Committee ("ICOMM") papers for approval prior to making a proposed investment. The ICOMM checklist for ESG diligence matters includes the assessment of key ESG risks and opportunities. The Manager's assessment includes an evaluation of material ESG considerations using, where relevant, market frameworks and third-party data as available.

**(k) Engagement policies**

At the post investment stage, the ISQ team works closely with the portfolio company management teams to:

- build capacity in portfolio companies;
- ensure appropriate practices, procedures, and resourcing are in place;
- establish ESG KPIs and develop plans to drive continuous improvement; and
- track, monitor, and report KPIs at least on an annual basis.

**(l) Designated reference benchmark**

No reference benchmark has been designated for the purpose of attaining the environmental and social characteristics promoted by the Fund.